

TABLE OF CONTENTS

| | | | | | |
|--|-----|----------------------|-----|--------------------------|-----|
| Editorial: Multiple paths to recovery | | | | | 7 |
| Chapter 1. General Assessment of the Macroeconomic Situation | | | | | 9 |
| Summary | | | | | 10 |
| Introduction | | | | | 11 |
| Key forces acting | | | | | 12 |
| The near-term projections | | | | | 25 |
| Risks to the outlook | | | | | 43 |
| Economic policy requirements in the major countries | | | | | 55 |
| Chapter 2. Developments in Individual OECD Countries | | | | | 67 |
| United States | 68 | Czech Republic | 113 | Netherlands | 144 |
| Japan | 73 | Denmark | 116 | New Zealand | 147 |
| Euro Area | 78 | Estonia | 119 | Norway | 150 |
| Germany | 82 | Finland | 121 | Poland | 152 |
| France | 86 | Greece | 124 | Portugal | 154 |
| Italy | 90 | Hungary | 127 | Slovak Republic | 157 |
| United Kingdom | 94 | Iceland | 130 | Slovenia | 160 |
| Canada | 98 | Ireland | 132 | Spain | 162 |
| Australia | 103 | Israel | 135 | Sweden | 165 |
| Austria | 106 | Korea | 138 | Switzerland | 168 |
| Belgium | 108 | Luxembourg | 140 | Turkey | 170 |
| Chile | 110 | Mexico | 142 | | |
| Chapter 3. Developments in Selected Non-member Economies | | | | | 173 |
| Brazil | 174 | India | 182 | Russian Federation | 188 |
| China | 178 | Indonesia | 186 | South Africa | 191 |
| Chapter 4. Growth Prospects and Fiscal Requirements over the Long Term | | | | | 193 |
| Summary | | | | | 194 |
| Long-term growth projections for the global economy | | | | | 196 |
| The medium-term outlook for public finances | | | | | 207 |
| Structural policies can boost growth | | | | | 216 |
| Statistical Annex | | | | | 223 |
| Boxes | | | | | |
| 1.1. Policy and other assumptions underlying the projections | | | | | 25 |
| 1.2. Short-term prospects in the automobile industry | | | | | 28 |
| 1.3. Policies to ease global current account rebalancing | | | | | 39 |
| 1.4. Returning to debt sustainability in Japan: The government's three-pillar strategy | | | | | 49 |
| 1.5. Macro-prudential regulation | | | | | 52 |
| 4.1. The modelling framework for long-term economic projections | | | | | 196 |
| 4.2. Assumptions in the baseline long-term scenario | | | | | 198 |

| | |
|--|-----|
| 4.3. The effect of the crisis on potential output | 201 |
| 4.4. Changing health and pension expenditures | 212 |
| 4.5. Measuring fiscal consolidation requirements | 214 |
| Tables | |
| 1.1. The global recovery will gain momentum only slowly | 12 |
| 1.2. Debt indicators in the household sector | 20 |
| 1.3. Selected product market reform recommendations in OECD and BRIICS countries | 23 |
| 1.4. Housing market developments have continued to diverge | 24 |
| 1.5. OECD labour market conditions are diverging and weak overall | 34 |
| 1.6. Selected reform recommendations to boost employment in OECD and BRIICS countries | 36 |
| 1.7. World trade will strengthen only gradually | 37 |
| 1.8. Fiscal positions will continue to improve | 59 |
| 4.1. Growth in total economy potential output and its components | 199 |
| 4.2. Fiscal trends with debt ratio targeting (60%) | 210 |
| Figures | |
| 1.1. There are divergent trends amongst the major OECD economies | 13 |
| 1.2. Aggregate financial conditions have improved | 13 |
| 1.3. The Japanese yen has depreciated sharply | 14 |
| 1.4. Credit conditions have diverged among euro area countries | 16 |
| 1.5. Recent business sentiment outcomes are mixed | 18 |
| 1.6. Consumer confidence remains soft outside Japan | 19 |
| 1.7. Net investment is weak relative to output growth | 21 |
| 1.8. Underlying inflation pressures are likely to diverge | 31 |
| 1.9. Actual and predicted changes in employment growth | 33 |
| 1.10. Labour market slack is diverging and large overall | 35 |
| 1.11. Little further progress in reducing global imbalances is foreseen | 38 |
| 1.12. Relative unit labour costs are now adjusting in the euro area | 42 |
| 1.13. Intra-euro area trade imbalances have narrowed | 43 |
| 1.14. Current account balances and portfolio investment inflows differ across emerging markets | 48 |
| 1.15. The composition of fiscal consolidation is set to change | 63 |
| 4.1. Convergence in living standards is driven by trend productivity | 202 |
| 4.2. Changes in labour utilisation and its components | 205 |
| 4.3. There will be major changes in the composition of global GDP | 206 |
| 4.4. Consolidation requirements to reduce government debt to 60 per cent | 211 |
| 4.5. Broader fiscal efforts to reduce government debt to 60 per cent | 213 |
| 4.6. Structural reforms raise long-run output | 218 |