



Germany's Current Account and Trade Surpluses

A Technical Debate Enters the Geopolitical Limelight

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During the past decade, macroeconomic imbalances – typified by countries' surplus or deficit of exports, currency, or capital – have moved to the fore of international economic policy debates. Global events and developments, such as China's integration into the world economy, the 2008 financial crisis, and the Eurozone crisis, have created, and in some cases, compounded longstanding trade and investment asymmetries around the world. These imbalances have no single cause, but are fostered and magnified by the competitiveness of a country's industries, domestic demand, corporate investment decisions, and tax and monetary policy, among other factors. In recent years, the widening gaps in countries' trade relationships have become highly politicized, prompting policymakers to respond with measures ranging from formalized monitoring to punitive tariffs.

The conditions that give way to macroeconomic imbalances are rather clear, but their broader, long-term consequences are the subject of contentious debate. While a country with an export surplus may generate revenue from its accumulated assets, for example, the decision to hold them in reserve comes at the expense of domestic investment. With a deficit, a country accumulates debt as it borrows from others to cover the costs of its imports, but its consequently depressed currency should ultimately make its exports more competitive on the global market. Macroeconomic theory tells us that these imbalances should not be permanent, as market forces such as demand and interest rates shape trade flows and adjust countries' shares of exports, imports, currency, and capital. The world does not always operate according to theory, however; in practice, government policies and unique economic conditions at domestic, regional, and global levels perpetuate and expand macroeconomic imbalances.

Perhaps the greatest of these is the wide gap between the current accounts of the United States and Germany. Although neither Germany's \$287 billion surplus nor the United States' \$124 billion deficit is the direct cause of the other, these current accounts represent the global poles of macroeconomic imbalances. German leaders attribute their country's surplus primarily to the competitiveness of its manufacturing sector, domestic saving rates, and exogenous factors such as European monetary

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policy and the value of the euro, the currency that Germany shares with 18 other member states of the European Union. U.S. policymakers, on the other hand, have been critical of Germany's current account surplus for nearly two decades, and contend that Germans could reduce it – to the benefit of the Eurozone and the global economy – through domestic reforms and investment. American censure is now more pronounced than ever under President Donald Trump, who has characterized the U.S.-German economic relationship as unfair and has called on his counterparts to take concrete steps toward leveling the playing field.

Germany's Current Account Surplus – How Did We Get Here?

Germany has the largest current account surplus in the world, which in 2017 amounted to \$287 billion, or approximately 7.8 percent of its total economic output.¹ The country's abundant supply of currency stocks is reflective of its overall economic state, with \$1.4 trillion in exports in 2017, a record-low unemployment rate below 4 percent in 2018, and general public budget surpluses since 2014.

Germany's current account surplus has several sources, some of which are beyond its direct control and others that stem from longstanding business practices and government policy. First, the country enjoys several competitive advantages as an exporter, contributing to its positive trade balance that in turn makes up the larger part of its current account. The majority of its manufacturing base is

in the so-called *Mittelstand* – nearly 4 million small and medium enterprises that employ the majority of the German workforce and produce goods that are highly competitive abroad for their quality and, in many cases, their degree of specialization. A number of government policies and practices, including broad support for apprenticeship programs and the provision of benefits that offset depressed wages, support this engine of Germany's export-oriented economy.

Current account surpluses tend to arise when domestic savings outpace investment. Such is the case in Germany's highly industrialized economy, where income-rich households are prone to reach saturation points and therefore have a lower propensity for consumption. When German households (and companies, for that matter) have a sufficient amount of goods or capital, they tend to scale back purchasing in favor of saving additional income or resources. Furthermore, wage stagnancy in Germany compounds households' penchant for saving. For several decades, firms and labor unions have collectively negotiated wage levels that are below what the market might otherwise dictate. Buttressed by a generous social welfare framework, German workers enjoy increased benefits in exchange for lower wages, and by extension, decreased spending power. Higher domestic spending – at both the government and household levels – would, in theory, diminish the country's current account. Since wages generally remain constant though, household spending seems likely to increase only as a result of some other catalyst, such as a significant change in the German tax



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code or a major cultural shift, neither of which is probable in the foreseeable future.

Industrialized economies also tend to have large stocks of existing capital (machinery, production facilities, factory buildings, etc.) to power their industrial base, so demand for expansion of production capacities is relatively low. Germany has one of the lowest public investment rates in the industrialized world, in great part because federally controlled and private stocks continue to be viable. However, Germany's municipalities, which are responsible for half of all public investment, currently have unrealized investment projects valued at €136 billion, or 4.5 percent of the country's GDP.² Despite low domestic demand for (or utilization of) capital, Germany generates a significant amount of it; the resulting oversupply keeps domestic prices – i.e. returns on investment – rather low, which incentivizes German capital holders to invest elsewhere.

In short, savings are high in Germany, and demand for investment is low. Under these conditions, not all goods and services produced in Germany are consumed there as well, and consequently become available in the global real economy. Because of their high quality and associated price-performance ratio, these products remain in high demand in the rest of the world. Germany's excess capital is exported to other countries – namely to those such as the United States, where investment demand and consumption are high and, as a result, imports are as well.

Another factor contributing to Germany's large current account surplus is the country's use of the euro. As a member of the Eurozone, Germany cannot directly control the value of its currency; the European Central Bank manages the bloc's monetary policy, setting interest rates to control inflation for all 19 Eurozone member states. In 2014, the International Monetary Fund estimated that Germany's inflation-adjusted exchange rate was undervalued by 5-15 percent.³ With an economy significantly larger, more dynamic, and with greater production capacity than many of its neighbors, Germany effectively enjoys an export subsidy for its already competitive goods and services. The low price point relative to quality of German exports makes them more attractive abroad, fueling steady demand for production in excess of domestic consumption capacity. Another effect of Germany's use of the euro on its current account balance is lower domestic purchasing power for imports. With a weaker currency, German households and firms can buy fewer goods and services from abroad. The country exports more than it imports, creating a persistent surplus in its trade balance, which in turn makes up the greater part of its current account.

Germany's current account surplus is the product of a combination of factors related to the country's trade,



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investment, and saving practices. Many German political leaders and economists contend that the country's surplus is beneficial not only for Germany, but for the world as a whole. As Gabriel Felbermayr, Clemens Fuest, and Timo Wollmershäuser of the Munich-based Ifo Institute for Economic Research point out, the net export of capital resulting from Germany's current account surplus supplies the rest of the world with financial resources, which keeps global interest rates low and, in turn, facilitates investment in other parts of the world.⁴

Stakeholders outside Germany tend to see its surplus in a less positive light, however. The European Commission and International Monetary Fund have, for several years, pressured the German government to stimulate domestic demand and increase imports to reduce its imbalance relative to other economies. Other Eurozone countries – particularly, but not limited to, those that have enacted austerity measures in the wake of the sovereign debt crisis – complain that the German surplus has a distortive effect beyond its borders, depressing demand for exports from other European countries and, by extension, raising unemployment and increasing their public debts. Across the Atlantic, U.S. President Donald Trump has decried transatlantic economic relations as unfavorable for the United States since his first days in office, aiming particular scorn at Germany and its current account and trade surpluses.

Impact of the German Current Account Surplus on the Rest of the World

The question of whether Germany's current account surplus is a problem is far from settled, and necessarily calls for specification: If it is a problem, for whom is it so? If one considers trade and current account surpluses and deficits

in relation to global economic activity, these imbalances are relatively minor. Germany's current account surplus stands at just under 0.4 percent of global economic output, and therefore, as the Deutsche Bundesbank (German Central Bank) points out, the risk of it reaching a crisis point is rather low.⁵

Within the European Union, a highly integrated economic area and common currency make member states especially sensitive to one another's imbalances and economic policies. A primary concern of the European Commission and several member states in regard to Germany's surplus is not only its size, but its persistence. Just as Germany's large

Table 1: Consequences of Macroeconomic Imbalances

	Advantages	Disadvantages
For Surplus Countries	<p>Country produces more than it consumes; level of employment is higher than if the country were to produce only what it needs.</p> <p>Lower unemployment rate lightens burden on public funds.</p> <p>Accumulation of assets vis-à-vis other countries generates revenues (e.g. dividends, interest income).</p>	<p>Assets may decline in value if trading partners' currencies depreciate.</p> <p>A country that is heavily dependent on exports may be more vulnerable to global economic downturns.</p> <p>Persistent surpluses may trigger protectionist policies from trading partners.</p>
For Deficit Countries	<p>Capital inflow enables the establishment of the infrastructure.</p> <p>Credit-financed inflow of goods and services expands consumer opportunities.</p>	<p>Export revenues are insufficient to cover import costs, so a country must borrow from others to finance trade.</p> <p>Lower tax revenue and higher public spending to finance unemployment increase debt.</p> <p>Unemployment rises as the country consumes more goods and services produced abroad than it produces domestically.</p>

volume of exports is directly associated with its high level of employment, countries in deficit have lower employment levels that might be improved through a reduction of their deficit relative to accounts in Germany. Southern Eurozone countries in particular, which are unable to improve their international competitiveness through currency devaluation, would expect to see higher employment and a reduction of public debt if their trade imbalance with Germany were decreased.

Italy, Spain, France, and Greece have consistently had

unemployment rates around or above 10 percent since the onset of the global financial crisis. In the cases of Greece and Spain, those rates have even lingered around 25 percent over the course of several years. These countries have expressed urgent need for more external demand to stimulate their economies, given that they cannot devalue their currency, and because austerity measures – often crafted and enforced by European creditors, including Germany, in the context of liquidity programs – have restricted other domestic stimulus programs. At the same time, Germany's stagnant wages have effectively created

an internal devaluation within its borders, giving German exporters a competitive advantage that its neighbors do not enjoy.

European critics of Germany's surplus contend that Europe's largest economy exploits demand in neighboring countries that have trade and current account deficits, rather than stimulating greater domestic demand in Germany, increasing investment, and importing more. These critics argue that Germany thereby contributes to unemployment and increasing public debt in the Eurozone. One might argue that the German trade surpluses put the cohesion of the European Union at risk, which can only survive if all member states have, to some degree, an equal share in its benefits.⁶

It is worth noting that the European Union has taken steps to mitigate the effects of macroeconomic imbalances and address their underlying causes within the bloc. The Eurozone sovereign debt crisis that began in 2009 unraveled some imbalances that had accumulated in the first decade of the European Monetary Union, but exacerbated others. Capital moved away from risky assets, and the European banking sector deleveraged substantially. EU member states that had relied on external funding were hit hard as financing from abroad slowed to a halt. All of this led European leaders to rethink economic governance of the Union and to pay greater attention to internal imbalances. The so-called Macroeconomic Imbalances Procedure (MIP) was introduced in 2011 as part of the European Semester, the bloc's economic coordination framework. The MIP process is effectively an early warning system for imbalances that may pose a threat to the economic well-being of the EU, and involves screening for and monitoring of a wide range of indicators and policies that could create or perpetuate potentially harmful imbalances.

Repercussions for Germany's Surplus

While the European Commission and EU member states continue to ply Germany with rhetoric, U.S. President Donald Trump has begun to take actions to bring greater parity to the transatlantic economic relationship, which he continues to see as skewed in Europe's favor. Mr. Trump has directed his criticism primarily toward Germany, with which the United States had a goods trade deficit of \$64 billion in 2017.⁷ The current U.S. administration has seemingly come to use goods trade as the primary measure of economic relations with other countries, and has consequently begun imposing tariffs on trading partners as a means of lowering the United States' towering deficit. The European Union is an economic bloc with a single commercial policy and common external tariffs, however; targeting individual member states may not be as effective as the president

might hope, or worse, may result in undesired spillover effects. As the Ifo Institute's Gabriel Felbermayr points out, by way of example, the "EU is a customs and economic union in which individual member states are closely linked. The US surplus of almost \$100 billion with the Netherlands is largely due to Germany...US internet giants access the German market via headquarters in the Netherlands for tax purposes, with a similar pattern seen in Ireland."⁸ The European Union is a complex meshwork of national and supranational competencies and authority. While national governments have jurisdiction over some policy areas, such as taxation and investment, EU bodies control tariffs and other trade issues for all 28 member states. Within this context, actions that the U.S. president might take to counter the policies and practices of one member state will likely have impact outside that country's borders, potentially affecting American business interests in other European countries as well.

Beyond characterizing the volume of European, and specifically, German exports to the United States as unfair, the U.S. administration has yet to demonstrate how Germany's surplus negatively affects the United States. While in theory the U.S. current account deficit may negatively affect employment, in real terms the unemployment rate is on par with Germany's, at 3.9 percent. The deficit does add to the United States' already substantial national debt, but here again, it cannot be attributed to any one country, and particularly not to any single member state of the economically integrated European Union. This is especially clear when one considers the current account balance – factoring in services trade and corporate profits – of the United States and the European Union alone, which in 2017 gave the United States a surplus of \$14 billion.⁹

Trade policy is sometimes more about optics and politics than it is about economic reality. Following campaign promises to revive U.S. manufacturing sectors that have suffered as a result of globalization, President Trump has already imposed global import quotas and tariffs of 25 percent on steel and 10 percent on aluminum in the name of national security. In May 2018, just two months after the White House announced its metal tariffs, the U.S. Department of Commerce launched a similar investigation under section 232 of the Trade Expansion Act of 1962 to determine the national security implications of autos and auto parts, which industry sources say the president aims to complete before U.S. mid-term elections in November 2018.¹⁰ If implemented, these tariffs would disproportionately affect Germany, as cars and auto parts make up a significant share of its exports to the United States.

The president himself has identified trade in goods balances as a primary determinant in his decision to impose punitive



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tariffs against trading partners. As recently as June 18, 2018, in a statement on China's retaliation in response to tariffs levied against Chinese imports under section 301 of the Trade Act of 1974, Trump stated,

This latest action by China clearly indicates its determination to keep the United States at a permanent and unfair disadvantage, which is reflected in our massive \$376 billion trade imbalance in goods. This is unacceptable. Further action must be taken to encourage China to change its unfair practices, open its market to United States goods, and accept a more balanced trade relationship with the United States.¹¹

As indicated in Table 1 above, one disadvantage or potentially negative consequence of maintaining a current account or trade surplus is the likelihood of eliciting protectionist responses from trading partners. While U.S. administrations have criticized Germany's imbalances since the early 2000s, President Trump has demonstrated willingness to use punitive tariffs to diminish the U.S. goods trade deficit – a mistakenly narrow measure of its deep and complex economic relationship with Germany and the broader European Union.

In addition to this risk, another threat of Germany's persistent current account surplus is the eventual loss of capital that fuels the country's industrial base. The net outflow of capital associated with the surplus depresses domestic investment. Over time, this cornerstone of Germans' high standard of living – a modern and effective stock of real capital – may be lost if no ready replacements are in place.¹²

Germany's current account surplus has measurable benefits for the German economy, workers, and firms, but may

pose risks in the long term as well. Its impact on the rest of the world is complex, as it provides capital needed for investment in other countries, but also siphons demand from trading partners, thereby, in some cases, contributing to unemployment and public debt. The question of what can or should be done about Germany's surplus is equally fraught, as advantageous results for one trading partner may be disadvantageous for another. In the end, appropriate treatment might come down to ideology, and the burden to change policies and practices may not be on countries in surplus – like Germany – but on those in deficit instead.

Conclusions – What Can or Should Be Done About Imbalances?

Prevention and mitigation strategies for macroeconomic imbalances constitute an ideological minefield. Advocates of supply-driven economic policy – wherein government's role is minimal and markets are expected to correct themselves through the forces of supply and demand – contend that government interventions to increase consumption, manipulate prices, or otherwise influence trade balances will reduce economic welfare. They argue that these interventions may lead to price distortions, ultimately preventing what rational economic operators would perceive to be the ideal production levels for goods and services. Proponents of supply-driven policy have faith in the functioning of markets, where customers and enterprises make rational decisions to ensure the optimal distribution of the productive resources available to society. According to this school of thought, if any action should be taken to mitigate macroeconomic imbalances, the onus should lie with the country in deficit. These countries should

limit consumption financed by loan, for example, which would require a reduction in public spending.¹³

Proponents of demand-driven economic policy, on the other hand, are generally more skeptical of the automatic functioning of markets. Prices are rarely flexible in terms of downward adjustment, and, in many industrialized countries, wage cuts are often impracticable because of collective bargaining agreements and the social tension they might create. Furthermore, demand-driven economic policy posits that consumers and enterprises often do not act rationally. In this school of thought, the government has a role to play where the market fails, with a responsibility to increase a country's economic welfare. Advocates of demand-driven economic policy favor a number of government measures to reduce trade imbalances, and place the burden of change primarily on countries with surplus, like Germany.

So within this context, what can Germany and its trading partners do to correct these imbalances, if anything at all? Theoretically, automatic adjustment mechanisms related to exchange rates and the supply- and demand-determined price of goods should even out macroeconomic imbalances. [See Annex for more information on macroeconomic adjustment mechanisms.] They have failed to do so in the case of Germany's current account surplus. Because German domestic demand for goods is low, prices seldom rise significantly and inflation rates stay flat. The price mechanism, which would raise the price of goods that are in high demand and consequently reduce exports, is effectively disabled because of the country's low demand – both for goods that might be imported and those it produces in excess. The exchange rate mechanism, which would raise the value of the surplus country's currency as exports increase, is also ineffective in the context of the Eurozone, as discussed above. Since monetary policy is managed by the European Central Bank for all 19 national economies of the bloc, Germany enjoys a consistent de facto depreciation that makes its exports more attractive abroad and perpetuates its current account surplus.

From a demand-driven economic policy perspective, Germany might first seek to increase its level of public investments, which include not only investment in the traditional sense of national accounts (i.e. buildings, streets, rail, power and water supply, and increasingly, digital infrastructure), but in the areas of education, research, development, and innovation, and a range of consumptive expenditures as well.¹⁴ Over the past several decades, U.S. officials have called on German governments to take such actions, with particular emphasis on spending in defense and security infrastructure. These investments might not only address the U.S.-Germany trade imbalance, but would

have the add-on effect of helping Germany meet its NATO commitment to spend 2 percent of GDP on security and defense. Germany has not met this threshold since the early 1990s, and its budget projections through 2022 suggest it will continue to fall short.¹⁵ Meaningful outlays of public investment would send a cooperative, even if nominal, signal to the rest of the EU and other trading partners, with the added benefit of modernizing infrastructure, revitalizing educational resources, or catalyzing innovation.

Wage increases and pension reforms that encourage longer working lives might be effective means to scale back Germany's current account surplus as well. Higher wages might increase domestic demand for goods and services, including both those produced within Germany and those imported from abroad. The government's ability to intervene here is rather limited though, as private sector wages are set through a longstanding process of collective bargaining between employees, unions, and firms, and underwritten by government social policies that would be very difficult and unwise to unravel. In its capacity as an employer, the German government could increase wages in the public sector, but they would likely be insufficient to effect a meaningful shift in domestic demand, and by extension, Germany's current account.

A supply-driven economic policy position, on the other hand, would call for a different approach. To the extent that government intervention is warranted, countries with a current account deficit, such as the United States, would bear the burden of policy adjustment. Even so, supply-side economic policy proponents would offer



scant recommendations for Washington beyond reducing government consumption financed by foreign loans. Much of the United States' current account deficit is tied to low saving rates among households and firms, so there is relatively little, beyond contracting expenditures, that the U.S. government can do in the near term to correct its imbalance. The Federal Reserve could raise interest rates to deter credit-financed consumption, but that would inevitably increase capital flows to the United States from abroad, which would in turn only give U.S. consumers more money to spend.

There is no simple solution or short-term fix for Germany's sizable current account surplus. Its origins are diverse and, in some cases, beyond the direct control of the German government. Economists approaching the issue from different schools of thought disagree on the means to mitigate it, and even on whether it is a problem at all. It is clear, however, that the surplus is increasingly a source of contention between Germany and its economic partners, most notably other Eurozone countries and the United States. While Germany seems to have relatively few realistic near-term options for diminishing its surplus in a meaningful way, it might behoove its leaders to take some action, even if materially insufficient, to address this imbalance.

This consideration is especially relevant now, as the cohesion of the European Union is tested on multiple fronts by Brexit and populist forces that explicitly call for a retreat from the European integration project, and by a U.S. president who is willing to break from decades of convention and diplomacy in pursuit of narrow, and at times misguided, aims. Although Germany's surplus may be small in the grand context of the world economy, its persistence has undeniably become a global political issue. In this realm, economic theory – particularly when it is contested – may not be enough to quell the discontent of economic partners. Germany may face difficult decisions regarding its economic model in the coming years, and may need to enact creative solutions in order to remain a trusted trading partner both in and outside the European Union, and to maintain its quality of social and economic life.

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Annex: Current Account Imbalances – An Overview

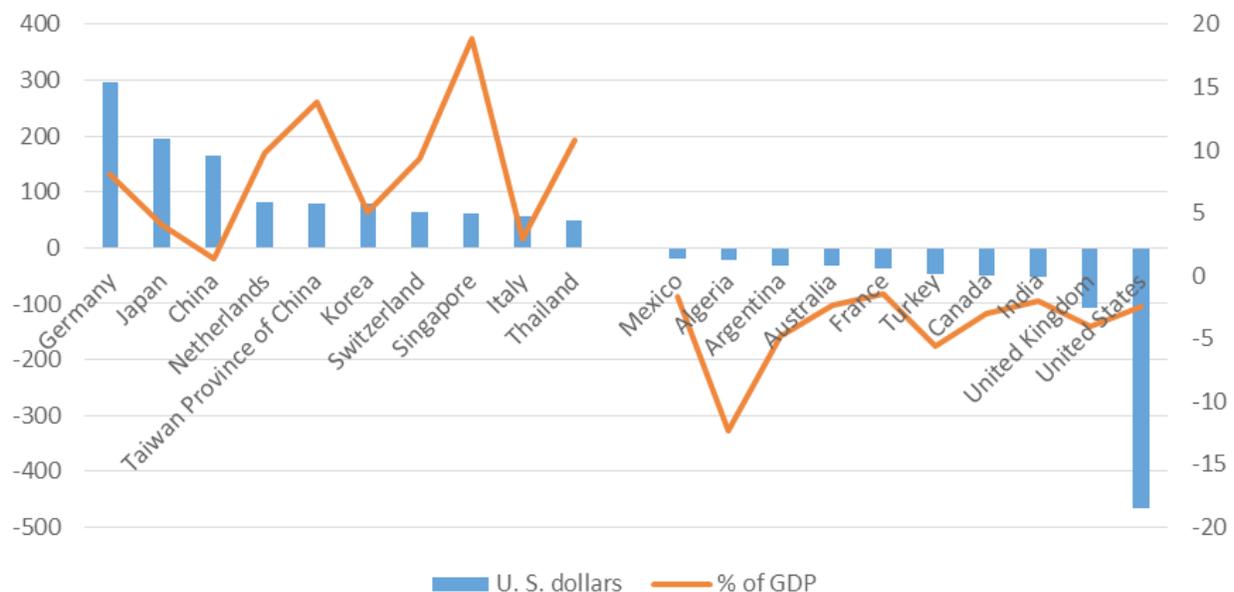
A country's current account is a broad, comprehensive measure of its economic activity with the rest of the world, representing both cross-border trade in goods and services and primary and secondary income. Cross-border trade constitutes by far the greatest share of a country's current account; thus, a current account surplus or deficit is almost invariably synonymous with a surplus or deficit in a country's trade balance. Primary income consists of labor and investment income, including receipts and payments of worker compensation, as well as interest and dividend payments on investments and assets. Secondary income refers to one-way cross-border payments, or transfers made with no corresponding return of goods, services, or capital; examples of secondary income include transfers such as remittances and government payments of development aid. If the income a country generates by its exports and transfer payments is less than its expenses, that country has a current account deficit. If its income is greater than its expenditures, the country has a current account surplus.

A country's trade balance – the difference between exports and imports – is shaped in great part by domestic factors and, more significantly, by how they interact with similar factors in other countries. For example, the goods produced in a given country might enjoy a quality or price advantage relative to goods produced elsewhere. The higher quality or lower price of those goods makes them more competitive

in the global market, increasing other countries' demand for them as imports. Assuming that a country's goods and services may be used domestically either for consumption or as investments, low domestic demand may also generate an excess available for sale abroad, feeding into an export surplus. These conditions are particularly characteristic of industrialized countries with high private and public saving rates. When companies and households save money in favor of consumption or investment, the excess goods and services that the country produces become available for net export. Similarly, low demand for domestic investment – resulting from domestic saturation or more favorable returns abroad – channels capital to foreign markets, thereby contributing to export surplus as well.

When such conditions create or expand trade imbalances, various adjustment mechanisms – namely, exchange rate, price, and interest rate mechanisms – should kick in to realign trading partners' accounts, according to textbook macroeconomic theory. (See Table 1) In practice, however, global imbalances remain persistent, as these mechanisms are often blocked by domestic policy decisions or economic conditions specific to a particular country or region. For example, the exchange rate mechanism, wherein a country's currency should appreciate to correct an export surplus, is ineffective if that country pegs its currency to another or manipulates it in some other way. In the Eurozone, where 19 countries share a common currency governed by a single monetary policy, the exchange rate mechanism cannot mitigate imbalances caused by differences among member states' economies,

Figure 1: The ten countries with the largest current account surpluses or current account deficits in 2017



Figures US\$ billions. Source: International Monetary Fund, World Economic Outlook Database, April 2018

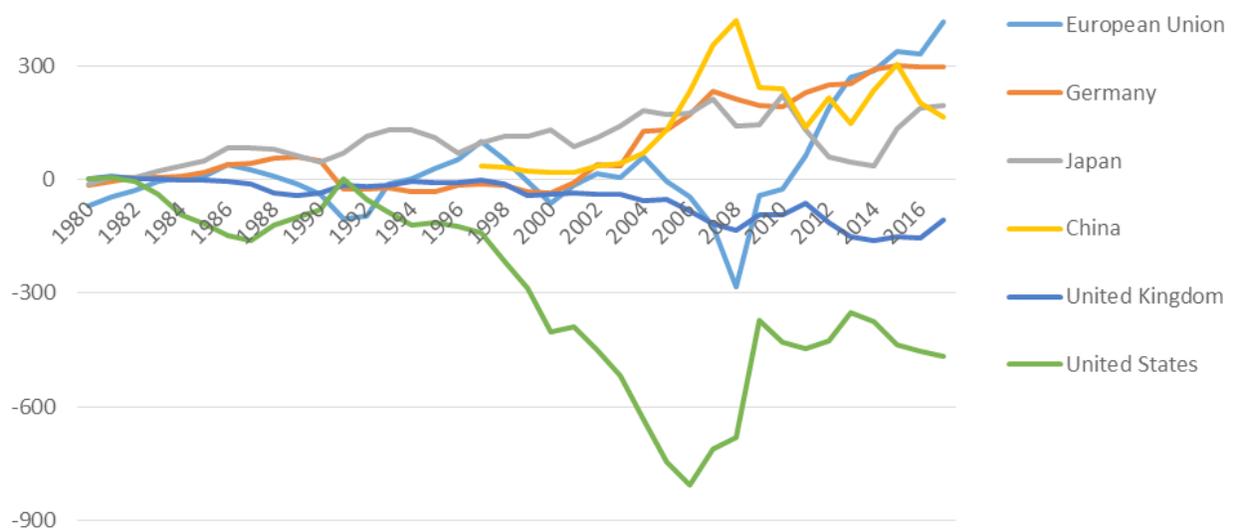
manufacturing capacities, investment rules, and saving and consumption practices. The price mechanism may fail in a country with an import surplus because enterprises are unwilling or unable to sell their products at prices below production costs (assuming that domestic and foreign sale prices are the same). Moreover, wage cuts, which might be implemented to compensate for lost profits resulting from lower prices, are often unworkable on social grounds. In highly productive, industrialized countries that are prone to saturation (i.e. domestic production exceeds consumption), excess production capacity and relatively static demand render the mechanism's impact on price nominal, despite strong export demand. Finally, the interest rate mechanism has lost effectiveness in recent years – particularly since the collapse of Lehman Brothers in 2008 – as central banks have adopted policies that depress interest rates. Because banks maintain abundant liquidity, interest rates persistently do not respond to or reflect increasing global levels of debt.

Macroeconomic imbalances have become a common feature of global trade relationships since the turn of the century. Many countries, including Germany, China, Japan, and the United States, have held their deficits or surpluses for decades. (See Figure 2)

Table 2: Three basic mechanisms should facilitate the automatic adjustment of macroeconomic imbalances.

Exchange Rate	The most impactful means of addressing an export surplus, the exchange rate mechanism raises the value of a country's currency. This appreciation makes domestic products more expensive, lowering demand for them abroad.
Price	If a country's exports exceed imports, demand for its goods and services is high. Higher demand leads to higher prices, which in turn should have a reverse effect on demand, as buyers in other countries seek alternatives at lower prices. In a country where imports exceed exports, the opposite should occur.
Interest Rate	The interest rate mechanism applies to countries where imports exceed exports. If a country spends more on foreign trade than it earns, its debt rises and its credit rating goes down, resulting in a higher interest rate on trade financed by loan. Demand for imports decreases, as does, in an ideal case, excessive consumption.

Figure 2: Development of Current Account Balances, 1980-2017



Figures in US\$ billions. Source: International Monetary Fund, World Economic Outlook Database, April 2018