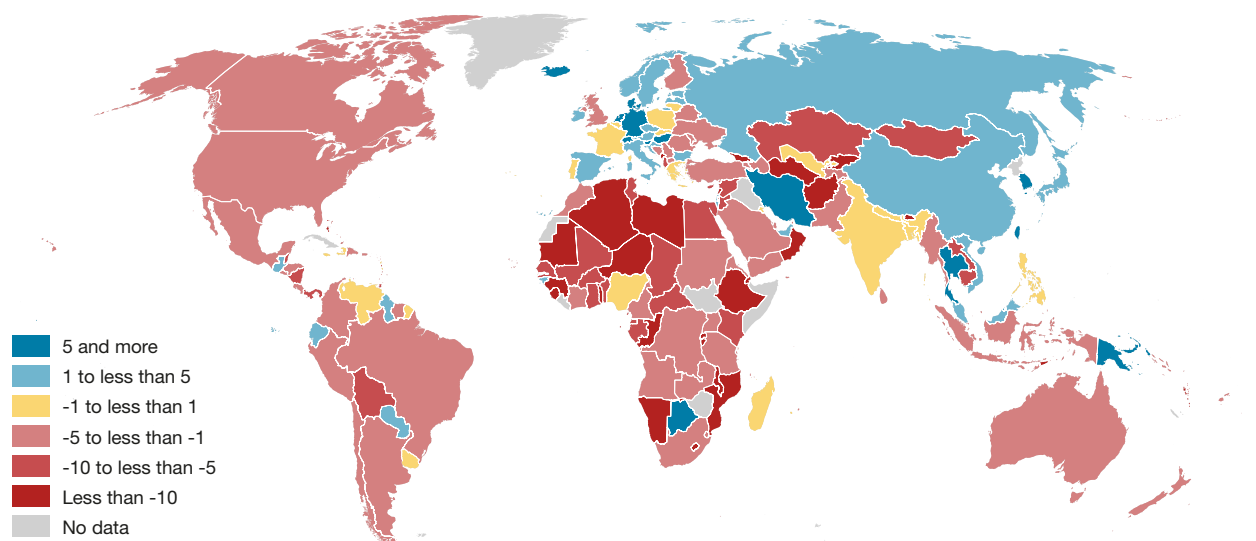




Fact sheet #8: Current account

Map 1

Current account balance as a ratio to gross domestic product, 2016
(Percentage)

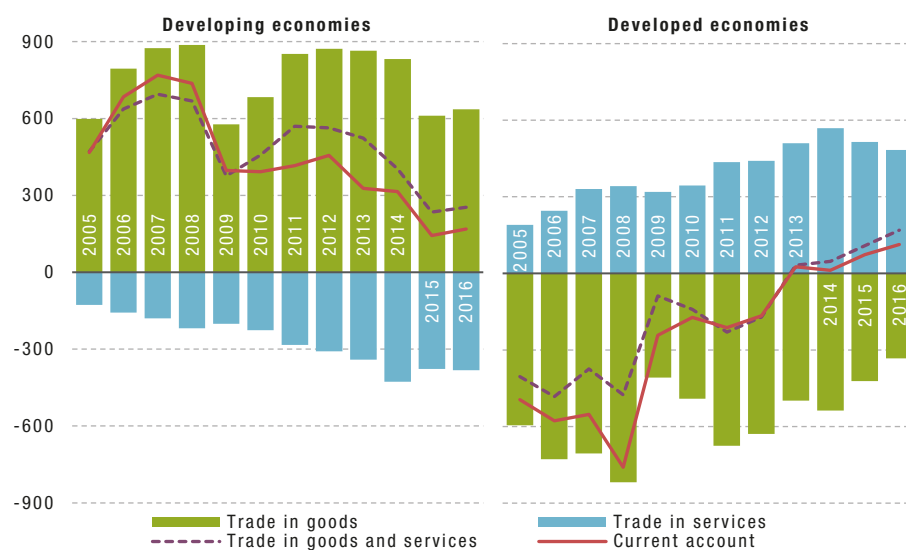


Geographic distribution of current account imbalances

The receipts that economies obtain from transactions with other economies are often significantly different from their payments made. In 2016, higher receipts than payments, as reflected by a positive current account balance, were recorded for several economies in Europe and Eastern Asia. Most economies in America, Africa, Western Asia and Oceania ran current account deficits. Libya and Mozambique reached deficits as high as 40 and 36 per cent of GDP, respectively.

Figure 1

Balances in the current account
(Billions of United States dollars)



Note: Current account deficits and surpluses do not add up to zero at the world level, due to imperfect geographic coverage and cross-country differences in compilation methods.

Concepts and definitions

The current account, within the balance of payments, displays the transactions between residents and non-residents of a reporting economy, involving economic values, namely the cross-national exchange of goods and services as well as cross-national transfers of primary and secondary income.

The current account balance shows the difference between the sum of exports and income receivable and the sum of imports and income payable, where exports and imports refer to both goods and services, while income refers to both primary and secondary income. A surplus in the current account is recorded when receipts exceed expenditures; a deficit is recorded when expenditures exceed receipts.

The current account data in this subchapter correspond to the latest reporting standard, known as BPM6, defined by the International Monetary Fund (2009).

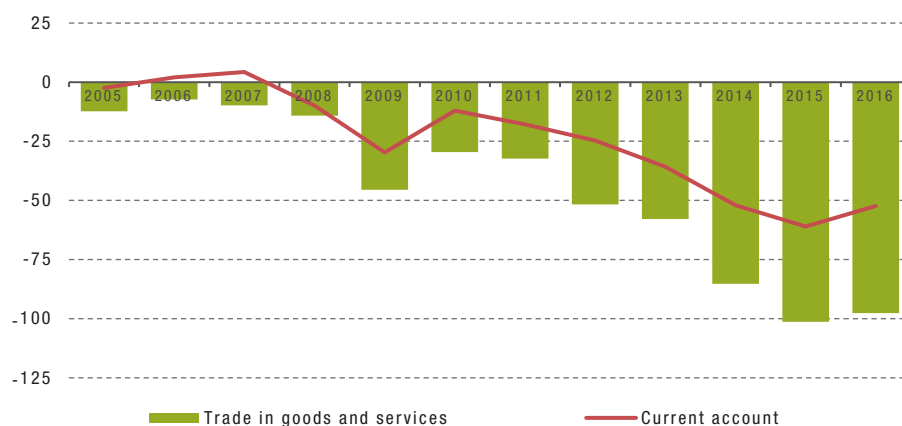


Recent developments

In 2016, the aggregate current account surplus for developing economies increased slightly to US\$169 billion (0.6 per cent of GDP), from US\$143 billion, after falling during the three previous years. This slight increase was largely due to a moderate growth in the surplus in the goods account that outweighed increases in the deficit in the services account.

The current account for developed economies had been in deficit for several years but in balance during 2013 and 2014. Since then, a slight surplus has emerged, amounting to US\$113 billion (0.3 per cent of GDP) in 2016. The recent growth in the current account surplus has been driven by a considerable reduction in the deficit in the goods account, while the surplus in the services account has decreased at a slower pace.

Figure 2 Balances in least developed countries' current accounts
(Billions of United States dollars)



Recovery in least developed countries

The reversal of trend in 2016, as outlined above for the developing economies as a whole, can also be seen in the current accounts of LDCs. After five years of continuous decline, their balance improved in 2016, leading to a reduction in the deficit from US\$61 billion to US\$52 billion. The trade deficit reduced from US\$101 billion to US\$98 billion.

Accounting for 5 per cent of GDP, the LDCs' current account deficit is still high compared to other developing economies. Higher relative deficits were registered for landlocked developing countries (LLDCs) (6 per cent), small-island developing States (SIDS) (8 per cent) and heavily indebted poor countries (HIPC) (8 per cent).

Some African economies had current account deficits of up to 40 per cent of GDP in 2016



The surplus of developing economies has stopped shrinking

The surplus of developed economies has grown to

US\$ 113 billion

LDCs' deficit reduced by 15 per cent

