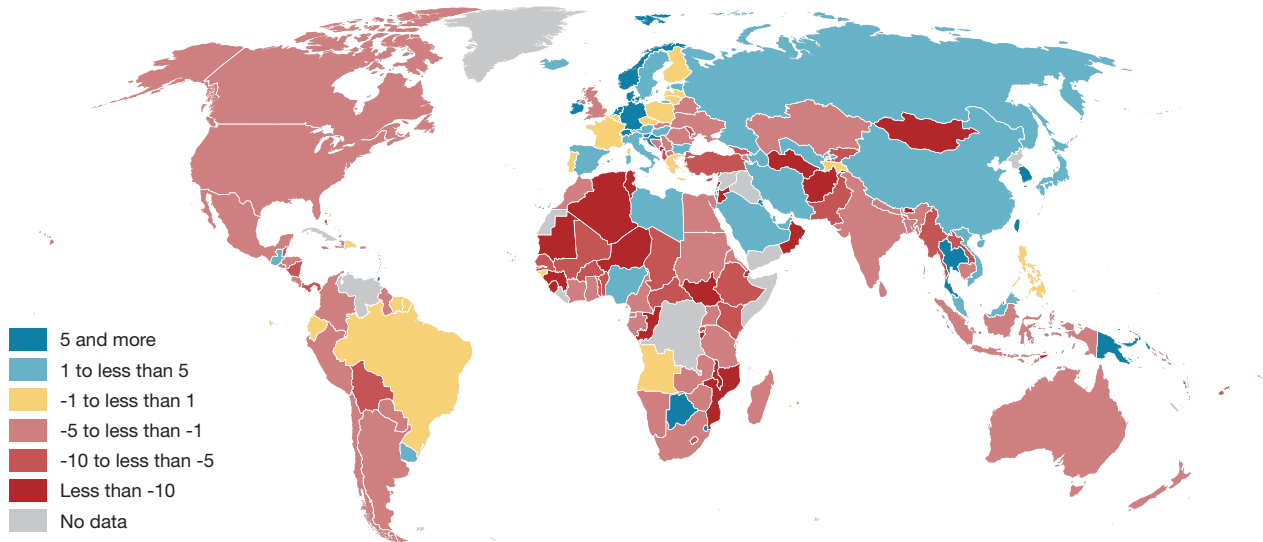




Fact sheet #8: Current account

Map 1

Current account balance as a ratio to gross domestic product, 2017
(Percentage)



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.

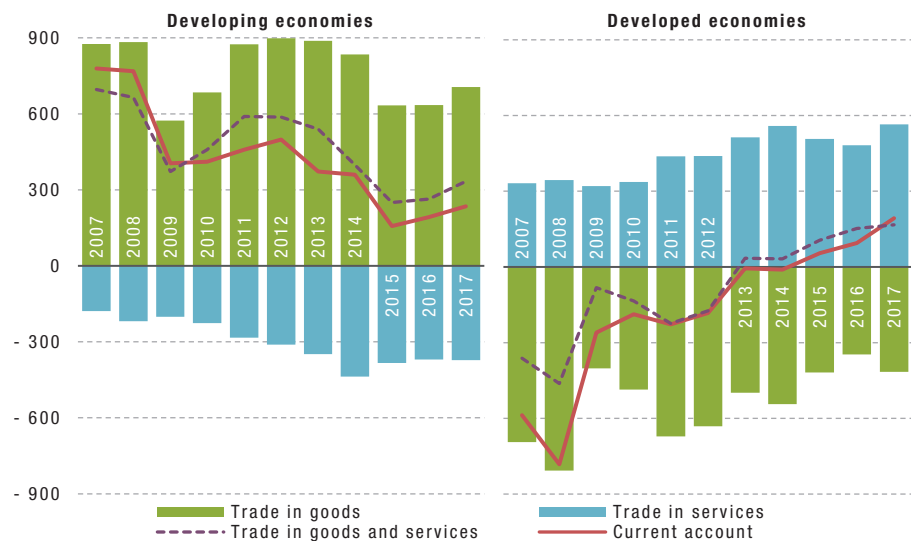
The current account data in this subchapter correspond to the latest reporting standard, known as BPM6, defined by the International Monetary Fund (2009).

Geographic distribution of current account imbalances

The receipts that economies earn from transactions with other economies are often significantly different from the payments made. In 2017, most economies in America, Southern and South-eastern Asia and Oceania recorded higher payments than receipts, leading to negative current account balances. Positive balances were most often found in Eastern Asia and Europe, as well as in major petroleum exporting economies.

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.



In the three economies most constrained by current account imbalances, relative to their annual output, their respective deficits all stood at 23 per cent of GDP. These economies were: Djibouti, Guinea, and Sierra Leone. By far, the highest deficits in absolute terms were recorded for the United States of America (US\$449 billion) and the United Kingdom (US\$107 billion). The largest surpluses were run by Germany (US\$297 billion), Japan (US\$196 billion) and China (US\$165 billion).

Recent developments

In 2017, the current account surplus of developing economies continued to increase, reaching US\$235 billion. This was driven, at least partly, by a rising surplus in the goods account. Looking at the breakdown by region, this increase was largely due to decreasing deficits of African and American developing economies, which was only partially offset by a significant reduction in the surplus for China.

The current account surplus in developed economies, which emerged in 2014, reached US\$193 billion in 2017. Over the past year, this increase was mainly caused by changes in primary and secondary income accounts, and to a certain extent also by a slight increase in the balance of trade in goods and services.

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



The least developed countries' persistent deficit

After five years of continuous decline, from 2011 to 2015, the current account balance of LDCs improved in 2016, and remained almost constant in 2017, recording a deficit of US\$52 billion. The LDCs' trade balance – covering both goods and services trade – followed a similar trend, with the deficit decreasing from US\$103 billion in 2015 to US\$90 billion in 2016 and 2017.

The high relative current account deficit, accounting for 4.9 per cent of GDP in 2017, distinguishes LDCs from other developing economies, which, as a group, ran a surplus of 0.9 per cent of GDP for the same year. Similar relative deficits were registered for LLDCs (4.5 per cent) and the heavily indebted poor countries (HIPCs) (6.3 per cent).

In 3 African economies, the current account deficit reached 23 per cent of GDP in 2017



The world's largest deficit was run by the United States of America:



US\$449 billion

Developed economies' growing surplus stood at

US\$193 billion in 2017



LDCs' deficit remained unchanged at around

US\$50 billion

