World Economic Situation and Prospects

2018

United Nations

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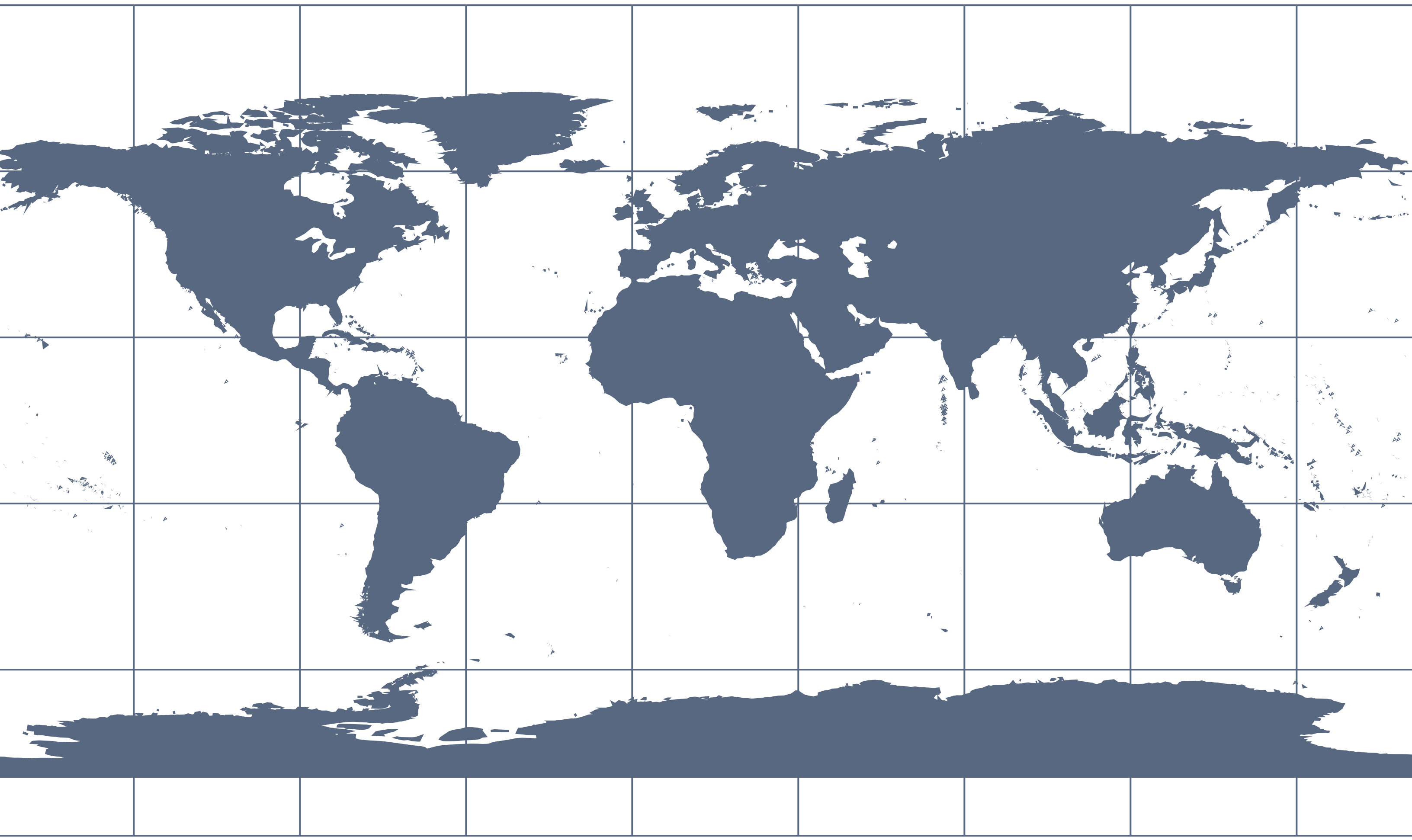

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The report is a joint product of the United Nations Department of Economic and Social Affairs (UN/DESA), the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions (Economic Commission for Africa (ECA), Economic Commission for Europe (ECE), Economic Commission for Latin America and the Caribbean (ECLAC), Economic and Social Commission for Asia and the Pacific (ESCAP) and Economic and Social Commission for Western Asia (ESCWA)). The United Nations World Tourism Organization (UNWTO) also contributed to the report.

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Explanatory notes

The following symbols have been used in the tables throughout the report:

..	**Two dots** indicate that data are not available or are not separately reported.
—	**A dash** indicates that the amount is nil or negligible.
-	**A hyphen** indicates that the item is not applicable.
–	**A minus** sign indicates deficit or decrease, except as indicated.
.	**A full stop** is used to indicate decimals.
/	**A slash** between years indicates a crop year or financial year, for example, 2017/18.
–	**Use of a hyphen between years**, for example, 2017–2018, signifies the full period involved, including the beginning and end years.

Reference to "dollars" ($) indicates United States dollars, unless otherwise stated.

Reference to "billions" indicates one thousand million.

Reference to "tons" indicates metric tons, unless otherwise stated.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals, because of rounding.

Project LINK is an international collaborative research group for econometric modelling, coordinated jointly by the Development Policy and Analysis Division of UN/DESA and the University of Toronto.

For **country classifications**, see Statistical annex.

Data presented in this publication incorporate information available as at **11 November 2017**.

The following abbreviations have been used:

AAAA	Addis Ababa Action Agenda
BIS	Bank for International Settlements
BoJ	Bank of Japan
bpd	barrels per day
CIS	Commonwealth of Independent States
CO_2	carbon dioxide
ECA	United Nations Economic Commission for Africa
ECB	European Central Bank
ECE	United Nations Economic Commission for Europe
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESCWA	United Nations Economic and Social Commission for Western Asia
EU	European Union
FDI	foreign direct investment
Fed	United States Federal Reserve
G20	Group of Twenty
GCC	The Cooperation Council for the Arab States of the Gulf
GDP	gross domestic product
GHG	greenhouse gas
GNI	gross national income
GVCs	global value chains
ICAO	International Civil Aviation Organization
ICT	information and communications technology
IEA	International Energy Agency
IIF	Institute of International Finance
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
LDCs	least developed countries
MDBs	multilateral development banks
NAFTA	North American Free Trade Agreement
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PPP	purchasing power parity
SDGs	Sustainable Development Goals
SIDS	small island developing States
TFP	total factor productivity
UN/DESA	Department of Economic and Social Affairs of the United Nations Secretariat
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNWTO	United Nations World Tourism Organization
VAT	value-added tax
WESP	World Economic Situation and Prospects
WGP	world gross product
WTO	World Trade Organization

Foreword

The 2008 financial crisis laid bare the inadequacies in the rules we need for a stable and prosperous global economy. After a long period of stagnation, the world economy is finally strengthening. In 2017, global economic growth approached 3 per cent — the highest rate since 2011. As the *World Economic Situation and Prospects 2018* demonstrates, current macroeconomic conditions offer policymakers greater scope to address some of the deep-rooted systemic issues and short-term thinking that continue to hamper progress towards the Sustainable Development Goals.

While acknowledging that many cyclical and longer-term risks and challenges persist, the report notes that, in many parts of the world, conditions have improved to support the significant investment necessary for delivering the goods and services a growing population needs. This paves the way to reorient policy towards longer-term issues, such as rehabilitating and protecting the environment, making economic growth more inclusive and tackling institutional obstacles to development.

Reorienting policy to address these more fundamental drivers of growth and sustainability can underpin a virtuous circle. Investment in areas such as education, health-care, resilience to climate change and building financial and digital inclusion, supports economic growth and job creation in the short-term and promotes long-term sustainable development.

I commend the efforts of the United Nations Department of Economic and Social Affairs, the United Nations Conference on Trade and Development (UNCTAD) and the five United Nations regional commissions on the production of this joint report.

António Guterres
Secretary-General of the United Nations

Executive summary

Prospects for global macroeconomic development

As headwinds from the global financial crisis subside, policymakers have more scope to tackle longer-term issues that hold back sustainable development

The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008–2009, followed by the European sovereign debt crisis of 2010–2012 and the global commodity price realignments of 2014–2016. As these crises and the persistent headwinds that accompanied them subside, the world economy has strengthened, offering greater scope to reorient policy towards longer-term issues that hold back progress along the economic, social and environmental dimensions of sustainable development.

In 2017, global economic growth is estimated to have reached 3.0 per cent, a significant acceleration compared to growth of just 2.4 per cent in 2016, and the highest rate of global growth recorded since 2011. Labour market indicators continue to improve in a broad spectrum of countries, and roughly two-thirds of countries worldwide experienced stronger growth in 2017 than in the previous year. At the global level, growth is expected to remain steady at 3.0 per cent in 2018 and 2019.

Stronger economic activity has not been shared evenly across countries and regions

The recent acceleration in world gross product growth stems predominantly from firmer growth in several developed economies, although East and South Asia remain the world's most dynamic regions. Cyclical improvements in Argentina, Brazil, Nigeria and the Russian Federation, as these economies emerge from recession, also explain roughly a third of the rise in the rate of global growth between 2016 and 2017. But recent economic gains remain unevenly distributed across countries and regions, and many parts of the world have yet to regain a healthy rate of growth. Economic prospects for many commodity exporters remain challenging, underscoring the vulnerability to boom and bust cycles in countries that are overly reliant on a small number of natural resources. Moreover, the longer-term
period of weak investment
crisis.