

# KIEL INSTITUTE **ECONOMIC OUTLOOK**

**World Economy**  
Spring 2017

Finalized March 8, 2017



**No. 27 (2017|Q1)**

*Klaus-Jürgen Gern, Salomon Fiedler,  
Philipp Hauber, Stefan Kooths,  
Galina Potjagailo, and Ulrich Stolzenburg*

# WORLD ECONOMY: CONTINUED EXPANSION AMID INCREASED UNCERTAINTIES

*Klaus-Jürgen Gern, Salomon Fiedler, Philipp Hauber, Stefan Kooths, Galina Potjagailo, and Ulrich Stolzenburg*

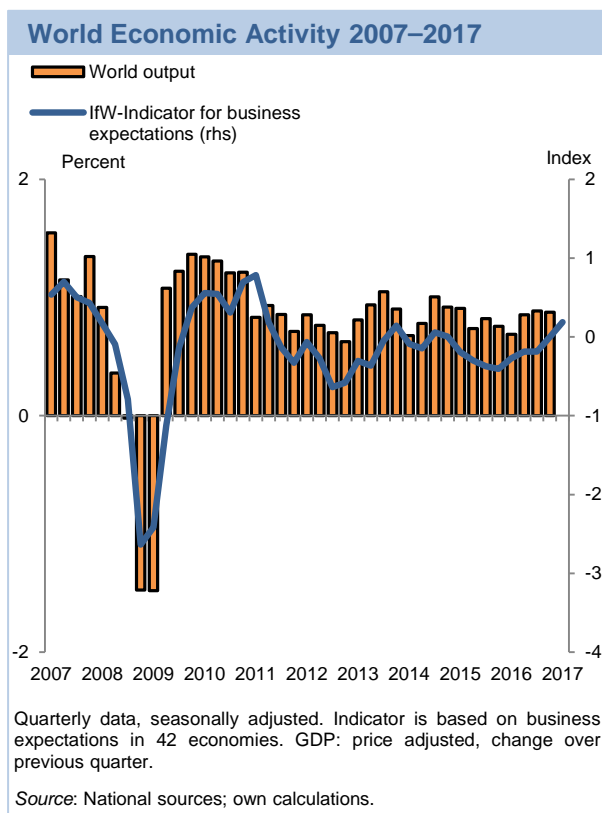
The world economy has gained traction in the course of 2016 despite elevated policy uncertainty and seems to have picked up further in the beginning of 2017. The change in the US government apparently has led to expectations of substantial policy stimulus, while a competitive valuation of currencies supports growth in Europe and Japan. In the emerging countries, the trend towards weakening economies has been arrested in the course of last year and the outlook is for a gradual acceleration of growth. Growth in global output—at PPP—should increase to 3.5 percent and 3.6 percent in 2017 and 2018, respectively, up from 3.1 percent last year and unchanged from our December forecast. Risks to the forecast are, however, prominent, partly related to the fact that the new US government has heralded sweeping policy changes but so far not been sufficiently concrete with its plans.

## Winter 2017 has seen the world economy accelerate despite new political uncertainties.

After a weak start, the world economy in 2016 gradually gained momentum and grew at a quarterly rate of 0.9 percent per quarter in the second half of the year, roughly the average pace of growth since the end of the global financial crisis in 2009 (Graph). The IfW-Indicator for World Economic Activity has increased further in the first quarter of 2017 to the highest level since the beginning of 2011. The robust growth is remarkable given that political uncertainties have increased following the Brexit decision, the outcome of the US presidential election and rising probabilities of politically problematic results in the upcoming key elections in a number of EU member states.

## Stock markets have rallied following the US presidential election, while measures of political uncertainty have increased especially outside the US.

Statements in the campaign and in the months after the election suggest sweeping changes in a number of policy areas, however, without specific details being available for the time being. Judged by the reaction of financial markets, the proposed policies seem to be perceived as business friendly on aggregate. At the same time, media-based indices of political uncertainty suggest an increase in political uncertainty which is potentially damaging for economic activity.



**Policy plans indicate a strongly expansive US fiscal policy, which could lead to swiftly rising inflationary pressures, given that economic slack is limited.** The new US administration has announced substantial increases infrastructure expenditures and military spending. In addition, large-scale tax cuts have been proposed stemming from a reduction in income taxes and a fundamental reform of corporate taxes along the lines of the GOP plan. While such a reform has the potential to significantly stimulate economic activity, it raises concerns inside and outside of the US that the result would be heavy distortions in cross-border trade (see the box on the proposed Cash Flow Tax with Border Adjustment (in German), [IfW-Box 2017.4](#)). Apart from this, there is the question to what extent the US economy is able to accommodate additional demand (see the box (in German) on the evolution of the US potential labor supply, [IfW-Box 2017.5](#)). Core consumer price inflation is already at 2.3 percent, and a significant further rise in inflation would probably lead to an accelerated tightening of monetary policy or a stronger appreciation of the dollar (or both) putting a lid on growth.

**Protectionism is a risk for growth in the short and medium run, but a trade war is not the most likely scenario.** The critical attitude of the new US government towards free trade and the ambition to aggressively use tariffs and subsidies as a policy tool in international economic relations has raised concerns among its trading partners. If trade retaliation were to follow, the global economy could be severely impaired. The probability of a trade war is, however, reduced by the fact that in the case of the United States, protectionist measures hurting foreign economic activity would also hit the US economy substantially due to the large volume of capital invested abroad (see the box on the threat of protectionism in the transatlantic economic area, [IfW-Box 2017.3](#)).

**Monetary policy in the advanced economies is drifting further apart.** The Fed has raised interest rates for the second time in this tightening cycle and indicated that a further step is imminent. We expect a further gradual increase bringing the lower bound of the target for the fed funds rate to 1.5 percent by the end of next year. By contrast, central banks in Japan and the euro area will keep policy rates at zero over the forecast horizon given that underlying inflation is likely to remain substantially below target for some time to come.

**Global growth will gradually strengthen, but remain moderate this year and next.** Global GDP at PPP is expected to rise to 3.5 percent and 3.6 percent, respectively, from an estimated 3.1 percent last year. Weighted at market exchange rates growth rates will be  $\frac{3}{4}$  percentage points lower (Table 1). Growth in world trade will accelerate to 3 percent from the low rate of 1.8 percent registered last year.

**Growth in the advanced economies is picking up further.** This is mainly due to an acceleration of growth in the US to 2.5 and 2.7 percent this year and next, respectively, from 1.6 percent in 2016. Japanese growth will rise to 1.3 percent this year on the back of the recent devaluation of the Yen, but fall back to 1.0 percent in 2018. In the European Union GDP will continue to increase at moderate rates of 1.9 and 1.8 percent in 2017 and 2018, respectively, restrained by elevated policy uncertainty.

**Emerging economies will gradually gain momentum, but structural impediments remain in place.** On aggregate, growth in the emerging economies will gradually strengthen. The Chinese government is expected to keep GDP growth above 6 percent for the time being. In Latin America, the upturn in commodity prices has brightened up the outlook and in the course of this year Brazil is expected to finally emerge from recession. In Russia the recovery is forecast to continue, albeit slowly due to continued institutional deficiencies.

**Risks to the outlook are manifold.** Most of the risks are to the downside, but there is also an upside, including a larger than anticipated fiscal impulse in the United States to US growth or deregulation releasing more economic momentum than expected. Downward risks emanate from a possible rollback in global trade relations, from results in the European elections that increase political uncertainties in Europe further, or the unresolved issue of Brexit. Also the risk remains that financial market developments weigh on growth, e.g., in the context of US monetary tightening or further dollar appreciation which could negatively affect emerging economies with high external debt.

**Table 1:**  
**Real GDP and consumer prices in selected countries and regions, 2016–2018**

	Gross domestic product			Consumer prices		
	2016	2017	2018	2016	2017	2018
United States	1.6	2.5	2.7	1.3	2.5	2.8
Japan	1.0	1.3	1.0	-0.1	0.6	0.6
Euro Area	1.7	1.8	1.7	0.0	1.5	1.4
United Kingdom	1.8	1.8	1.5	0.7	2.7	2.5
<b>Advanced economies total</b>	1.7	2.1	2.1	0.7	1.8	1.9
China	6.7	6.4	5.9	2.0	2.2	2.2
Latin America	-1.3	0.7	2.0	8.4	6.6	5.6
India	7.1	6.8	7.2	5.3	4.0	5.0
East Asia	4.8	4.7	4.9	3.0	3.3	3.8
Russia	-0.2	1.1	1.5	7.0	4.8	5.0
<b>World economy total</b>	3.1	3.5	3.6	3.0	3.2	3.4
<i>Addendum:</i>						
World trade volume	1.8	3.0	3.0	.	.	.
Oil price (Brent in US\$)	44.7	56.6	55.9	.	.	.
World economy total (weighted according to GDP at market exchange rates)	2.4	2.9	3.0	2.4	2.8	3.0

Weighted according to GDP at PPP rates. East Asia: Emerging Asia excluding China and India. Shaded: IfW forecast.

Source: IfW forecast.

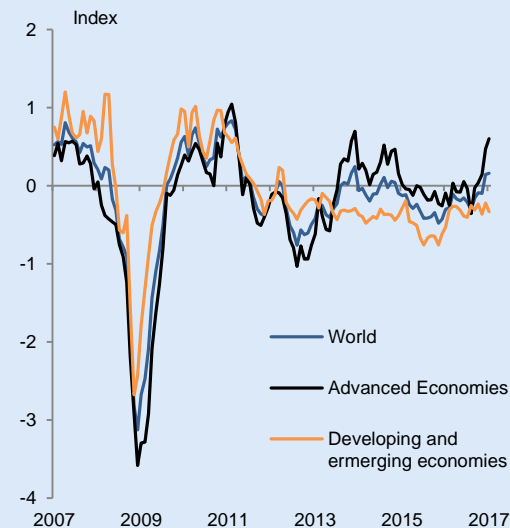
**Data annex**

# CONTENTS

1. World Economy .....	6
2. United States .....	7
3. Japan.....	8
4. Euro Area .....	9
5. United Kingdom.....	10
6. China.....	11
7. Emerging Economies .....	12
8. Forecast summary .....	13

## 1. World Economy

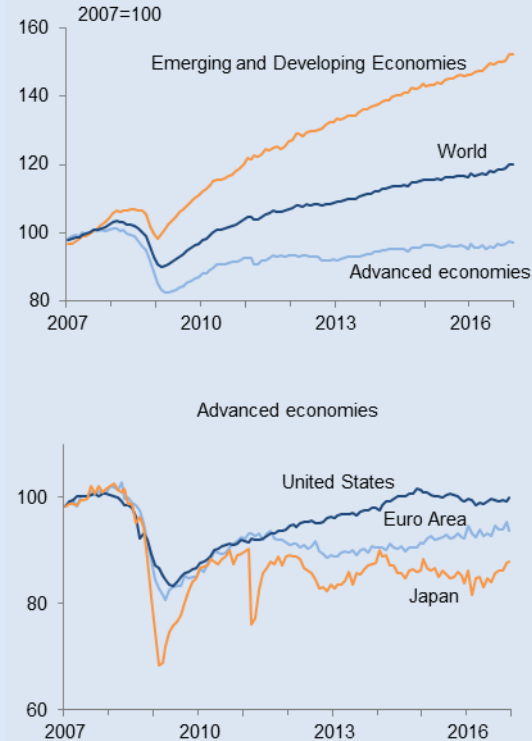
**Figure 1.1:**  
Business expectations by groups of countries, 2007–2017



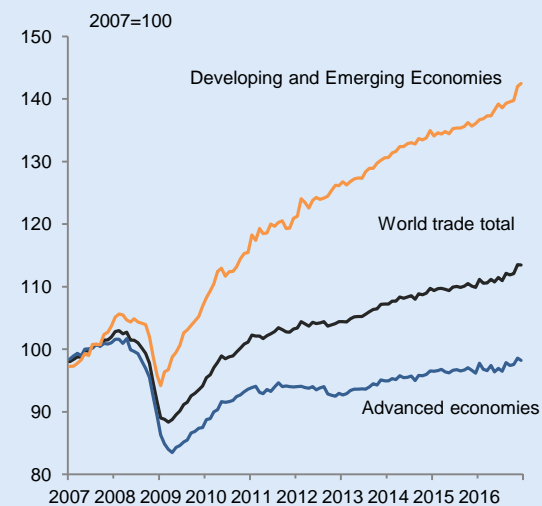
Monthly data, seasonally adjusted. Indicators are based on business expectations in 42 countries (34 advanced economies and 8 emerging economies).

Source: OECD, *Main Economic Indicators*; national sources; own calculations.

**Figure 1.2:**  
Industrial production by groups of countries and regions, 2007–2016

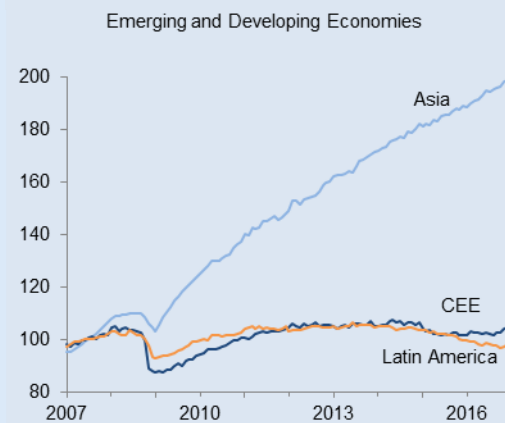


**Figure 1.3:**  
World economic activity, 2007–2016



Monthly Data.

Source: CPB, *World Trade Monitor*; own calculated.

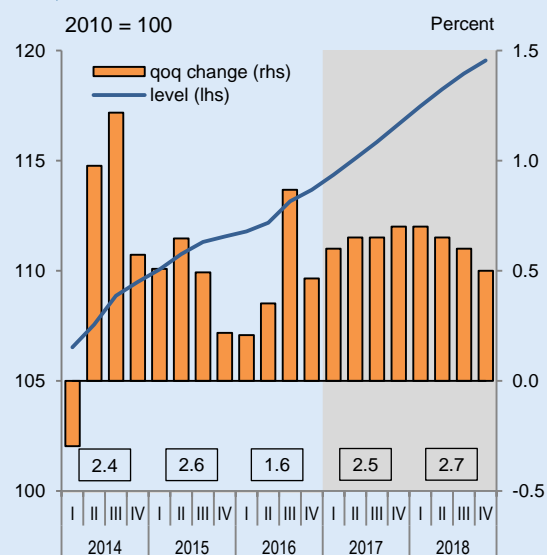


Monthly Data.

Source: CPB, *World Trade Monitor*.

## 2. United States

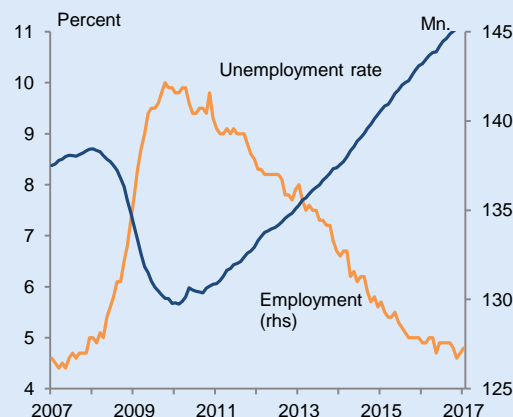
**Figure 2.1:**  
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Bureau of Economic Analysis, *National Income and Product Accounts*; shaded: IfW forecast.

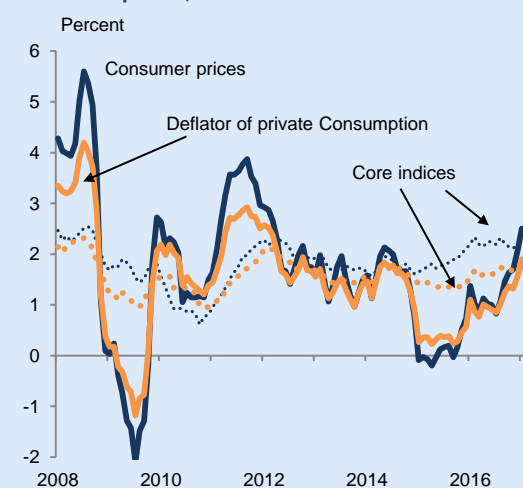
**Figure 2.2:**  
Labor market, 2007–2017



Monthly data; seasonally adjusted.

Source: US Department of Labor, *Employment Situation*.

**Figure 2.3:**  
Consumer prices, 2007–2016



Monthly data; change over previous year. Core index: consumer prices excluding energy and food.

Source: US Department of Labor, *Consumer Price Index*.

**Table 2.1:**  
Key indicators United States, 2015–2018

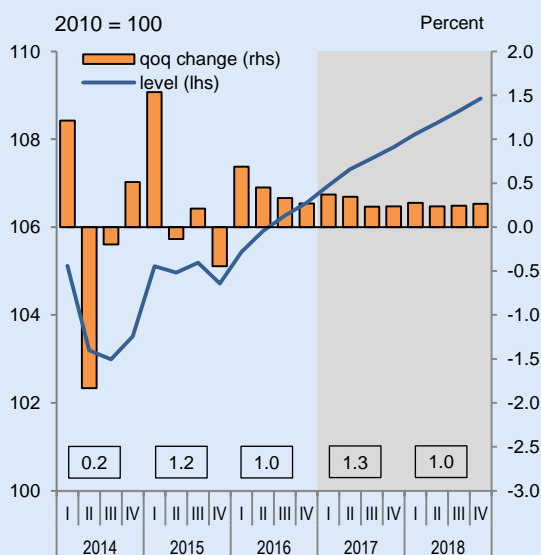
	2015	2016	2017	2018
Gross Domestic Product	2.6	1.6	2.5	2.7
Domestic expenditure	3.2	1.7	2.8	2.9
Private consumption	3.2	2.7	2.8	2.7
Government consumption	1.8	0.8	1.6	3.1
Gross fixed capital formation	4.0	0.7	3.2	3.9
Machinery and equipment	3.5	-2.9	1.7	3.6
Intellectual property rights	4.8	4.9	3.4	2.9
Structures	-4.4	-3.0	3.8	5.0
Residential investment	11.7	4.9	4.6	4.5
Inventories	0.2	-0.4	0.2	0.1
Net exports	-0.7	-0.1	-0.4	-0.2
Exports	0.1	0.4	2.4	2.4
Imports	4.6	1.1	5.0	5.1
Consumer prices	0.1	1.3	2.5	2.8
Unemployment rate	5.3	4.9	4.8	4.6
Current account balance	-2.6	-2.4	-2.7	-3.0
Government budget balance	-2.4	-3.2	-3.6	-4.0

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP. Budget balance: fiscal year.

Source: US Department of Commerce, *National Economic Accounts*; US Department of Labor, *Employment Situation and Consumer Price Index*; US Department of the Treasury, *Monthly Treasury Statement*; own calculations; shaded: IfW forecast.

### 3. Japan

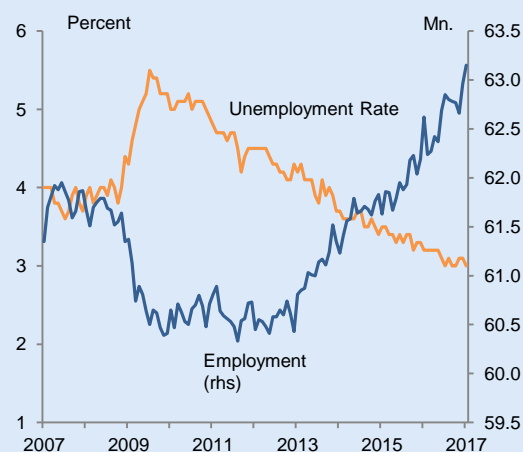
**Figure 3.1:**  
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Cabinet Office, *National Accounts*; shaded: IFW forecast.

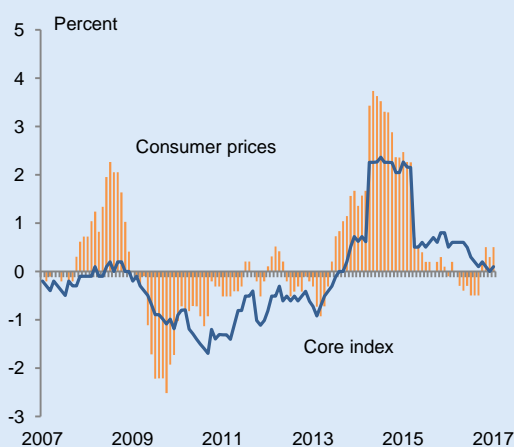
**Figure 3.2:**  
Labor market, 2007–2017



Monatsdaten; saisonbereinigt.

Quelle: Department of Labor, *Labor Force Survey*.

**Figure 3.3:**  
Consumer prices, 2007–2017



Monthly data. change over previous year. Core index: Consumer prices excluding energy and fresh food.

Source: Statistics Bureau of Japan, *Consumer Price Index*.

**Table 3.1:**  
Key indicators Japan, 2015–2018

	2015	2016	2017	2018
Gross Domestic Product	1.2	1.0	1.3	1.0
Domestic expenditure	0.8	0.5	0.8	0.9
Private consumption	-0.4	0.4	0.8	0.8
Government consumption	1.6	1.5	1.0	1.2
Gross fixed capital formation	0.1	1.0	1.7	0.8
Enterprises	1.1	1.5	3.5	1.6
Residential Investment	-1.8	5.6	1.1	1.4
Public investment	-1.7	-2.9	-3.9	-2.2
Change in inventories	0.6	-0.3	-0.3	0.0
Net exports	0.4	0.4	0.4	0.1
Exports	3.0	1.2	5.6	2.8
Imports	0.1	-1.7	2.5	2.1
Consumer prices	0.8	-0.1	0.6	0.6
Unemployment rate	3.4	3.1	3.0	2.9
Current account balance	2.9	3.7	3.4	3.4
Government budget balance	-5.4	-5.3	-5.5	-4.8

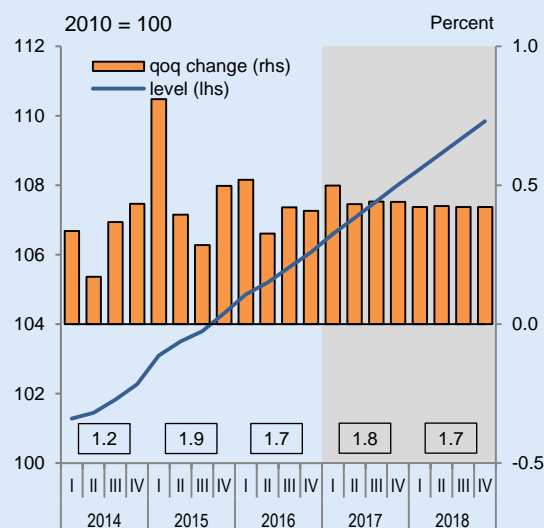
Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Cabinet Office, *National Accounts*; OECD, *Main Economic Indicators*; own calculations; shaded: IFW forecast.



## 4. Euro Area

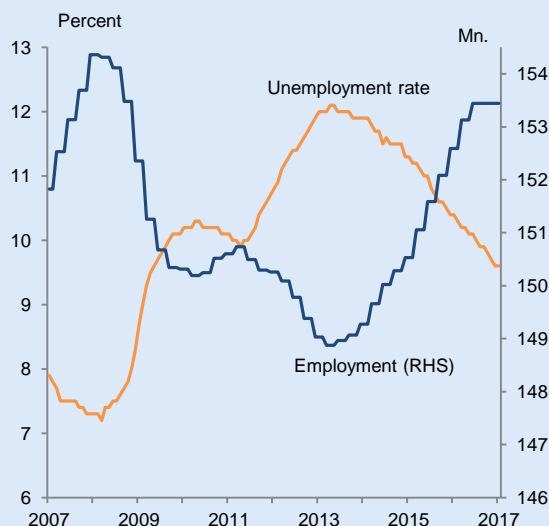
**Figure 4.1:**  
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

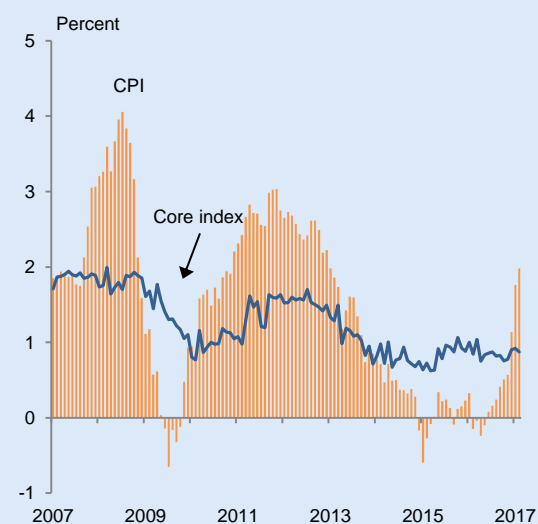
**Figure 4.2:**  
Labor market, 2007–2017



Monthly data; seasonally adjusted.

Source: Eurostat, *Labor Statistics*; ECB, *Monthly Bulletin*.

**Figure 4.3:**  
Consumer prices, 2007–2017



Monthly data; yoy change. Core index: CPI without Energy and Food.

Source: Eurostat, *Price Statistics*.

**Table 4.1:**  
Key indicators Euro Area, 2015–2018

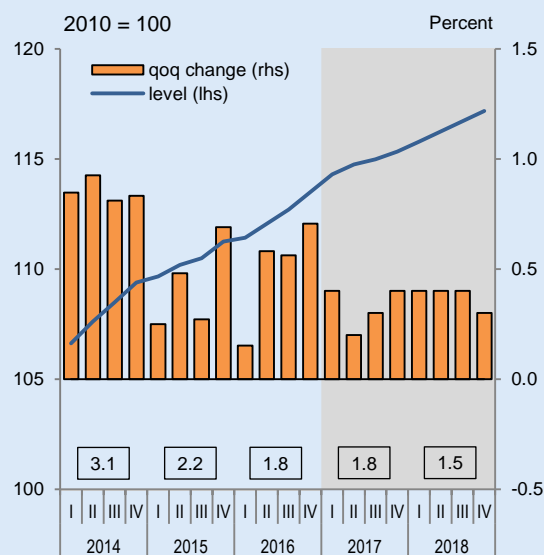
	2015	2016	2017	2017
Gross Domestic Product	1.9	1.7	1.8	1.7
Domestic expenditure	1.8	1.9	1.9	1.9
Private consumption	1.8	1.9	1.7	1.6
Government consumption	1.3	1.8	1.5	1.5
Gross fixed capital formation	3.0	2.5	2.3	3.5
Inventories	-0.2	-0.0	0.1	-0.0
Net exports	0.2	-0.2	-0.1	-0.1
Exports	6.3	2.7	3.9	3.9
Imports	6.3	3.4	4.5	4.6
Consumer prices	0.0	0.2	1.5	1.4
Unemployment rate	10.9	10.0	9.3	8.7
Current account balance	3.0	3.4	3.3	3.1
Government budget balance	-2.1	-1.6	-1.4	-1.4

GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force, percent. Current account balance, government budget balance: percent of nominal GDP.

Source: Eurostat, *National Accounts*; own calculations; shaded: IfW forecast.

## 5. United Kingdom

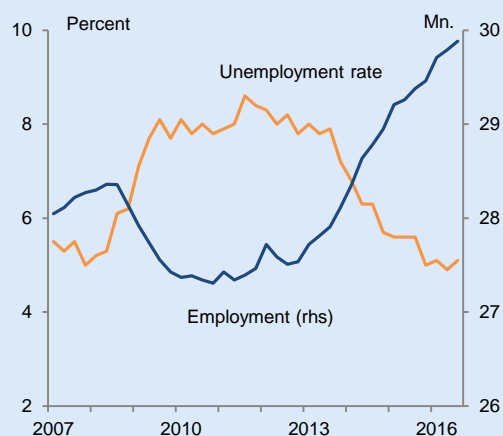
**Figure 5.1:**  
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: Eurostat, *National Accounts*; shaded: IFW forecast.

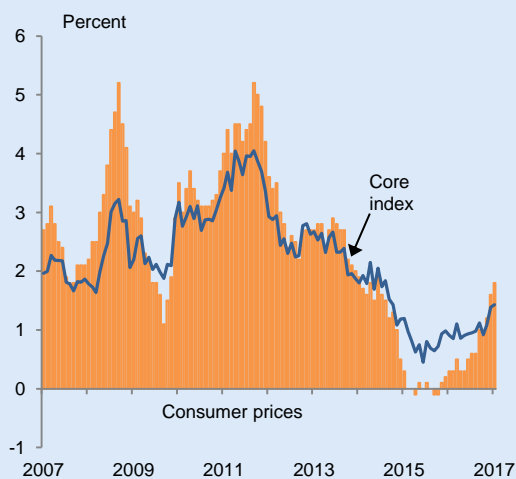
**Figure 5.2:**  
Labor market, 2007–2016



Quarterly data, seasonally adjusted.

Source: Office of National Statistics, *Economy*.

**Figure 5.3:**  
Consumer prices, 2007–2017



Monthly data. Change over previous year. Core rate: consumer prices excluding energy and fresh food.

Source: Office for National Statistics, *Economy*.

**Table 5.1:**  
Key indicators United Kingdom, 2015–2018

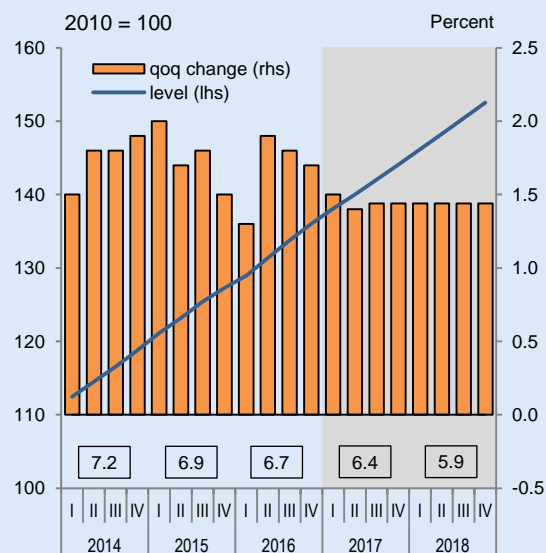
	2015	2016	2017	2018
Gross Domestic Product	2.2	1.8	1.8	1.5
Domestic expenditure	2.5	2.3	1.5	1.0
Private consumption	2.4	3.1	1.7	1.1
Government consumption	1.3	0.8	1.2	1.4
Gross fixed investment	3.4	0.5	-0.2	0.0
Inventories	-0.4	-0.6	0.1	0.0
Net exports	-0.5	-0.4	0.4	0.6
Exports	6.1	1.4	3.0	3.0
Imports	5.5	2.5	1.6	1.0
Consumer prices	0.1	0.6	2.2	2.5
Unemployment rate	5.3	4.9	5.0	5.3
Current account balance	-5.4	-5.5	-4.6	-3.8
Government budget balance	-3.7	-3.5	-4.1	-3.6

Percent. GDP: volumes, change over previous year, percent. Net exports, inventories: contribution to growth, percentage points. Unemployment rate: unemployed in relation to labor force. Current account balance, government budget balance: percent of nominal GDP.

Source: Office for National Statistics, *Economy*; shaded: IFW forecast.

## 6. China

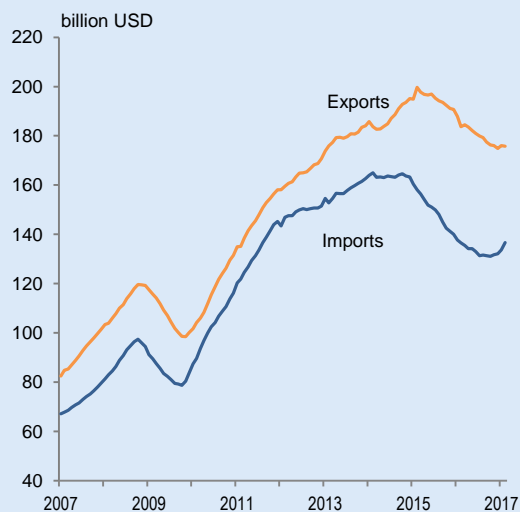
**Figure 6.1:**  
GDP, 2014–2018



Quarterly data, price, seasonally and calendar adjusted, qoq change. Annual data: price adjusted, annual rate of change (boxes).

Source: National Bureau of Statistics China; shaded: IFW forecast.

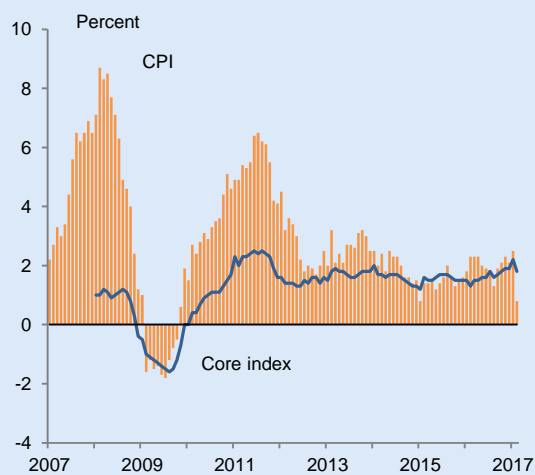
**Figure 6.2:**  
Exports and imports, 2007–2017



Monthly data, 12-month moving average.

Source: General Administration of Customs; IFW calculations.

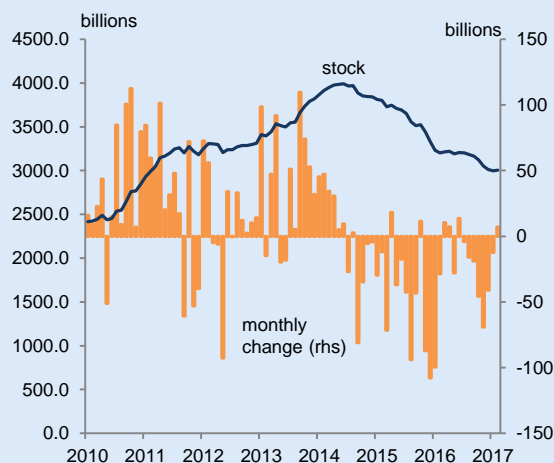
**Figure 6.3:**  
Consumer prices, 2007–2017



Monthly data; yoy growth rate. Core index: CPI excluding food.

Source: National Bureau of Statistics.

**Figure 6.4:**  
Foreign exchange reserves, 2010–2017

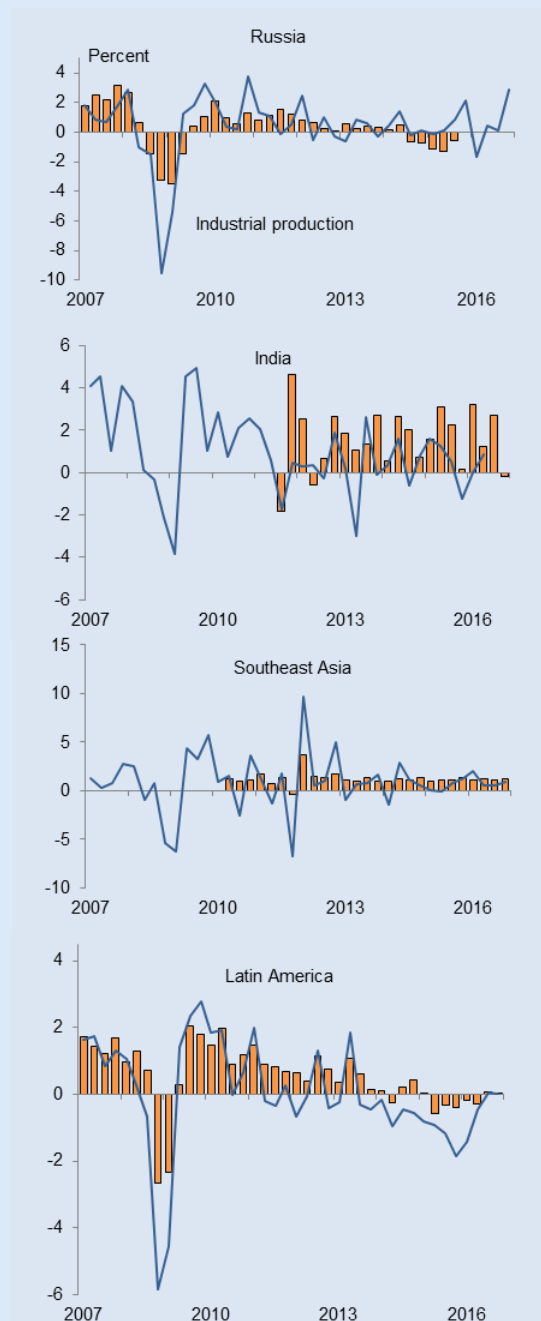


Monthly data.

Source: People's Bank of China.

## 7. Emerging Economies

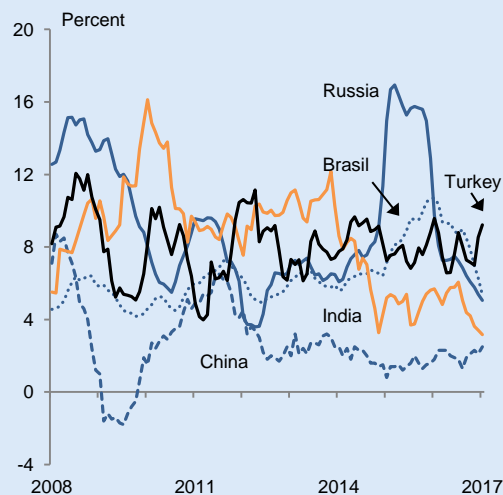
**Figure 7.1:**  
GDP and industrial production in emerging economies 2007–2016



Quarterly data; volumes; seasonal adjusted; change over previous quarter; Southeast Asia: GDP-weighted average of Indonesia, Thailand, Malaysia and the Philippines; Latin America: Q4 2015 to Q2 2016 partly estimated.

Source: IMF, *International Financial Statistics*; national statistical offices; own calculations.

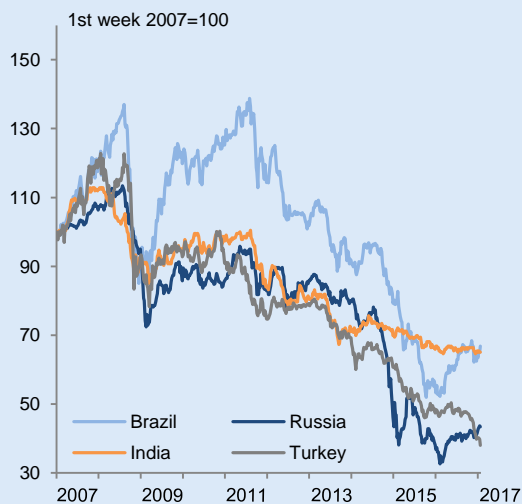
**Figure 7.2:**  
Consumer prices, 2008–2017



Monthly data; change over previous year.

Source: Federal State Statistics Service, *Russia*; IBGE, *Brazil*; National Bureau of Statistics, *China*; Labour Bureau, *India*.

**Figure 7.3:**  
US-dollar exchange rates, 2007–2017



Weekly data. Last value: March 3rd, 2017.

Source: Thomson Financial Datastream.

## 8. Forecast summary

**Table 8.1:**  
Key assumptions, 2016–2018

	2016				2017				2018			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
Key interest rate												
United States	0.3	0.3	0.3	0.5	0.5	0.8	0.8	1.0	1.0	1.3	1.3	1.5
Japan	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.1
Euro area	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rates												
US-dollar/euro	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Yen/US-dollar	115.3	108.8	102.5	109.4	115.0	115.0	115.0	115.0	115.0	115.0	115.0	115.0
Oil price (Brent, US-dollar)	35.3	46.8	47.0	49.5	56.0	56.7	56.9	56.7	56.4	56.1	55.8	55.4
HWWI-Index indust. commodities	87.7	95.2	97.5	106.3	108.4	108.8	109.6	110.7	111.9	113.3	115.0	116.7

Key interest rate: Fed Funds Rate (United States, since December 2015 between 0.25 to 0.5 percent; overnight rate (Japan); main refinancing operations (euro area).

Source: HWWI, *Commodity Price Index*; IMF, *International Financial Statistics*; Federal Reserve Bank, *Intended Federal Funds Rate*; ECB, *Monthly Bulletin*; shaded: IfW forecast or assumption.

**Table 8.2:**  
Real gross domestic product, consumer prices and unemployment rate in advanced economies, 2016–2018

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
European Union	37.2	1.8	1.9	1.8	0.3	1.7	1.6	8.6	8.0	7.6
Euro area	26.9	1.7	1.8	1.7	0.2	1.5	1.4	10.1	9.3	8.7
United Kingdom	6.0	1.8	1.8	1.5	0.7	2.7	2.5	4.8	4.8	4.8
Sweden	1.1	3.1	2.2	2.0	1.0	1.6	1.5	7.0	6.7	6.6
Poland	1.1	2.8	3.4	2.7	-0.7	1.5	1.3	6.2	5.2	4.9
Switzerland	1.5	1.5	1.6	1.7	-0.4	0.5	0.5	4.6	4.6	4.5
Norway	0.9	1.0	1.5	1.6	3.5	2.3	2.1	4.8	4.7	4.6
United States	41.1	1.6	2.5	2.7	1.3	2.5	2.8	4.9	4.8	4.6
Canada	3.6	1.5	1.9	2.1	1.3	1.9	2.0	7.1	6.9	
Japan	9.5	1.0	1.3	1.0	-0.1	0.6	0.6	3.1	3.0	2.9
Australia	3.2	2.7	3.0	2.8	1.0	1.9	1.5	3.8	3.7	3.7
South Korea	3.1	2.3	2.5	2.5	1.3	2.2	2.0	5.7	5.6	5.6
Total	100.0	1.7	2.2	2.2	0.8	2.0	2.1	6.3	6.0	5.5

Based on GDP at prices and exchange rates of 2015 in percent. Change over previous year in percent. European Union and Norway: Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2015.

Source: Eurostat, *National Accounts*; OECD, *Main Economic Indicators*; IMF, *World Economic Outlook Database*; Statistics Canada, *Canadian Economic Account*; shaded: IfW forecast.

**Table 8.3:**  
Real gross domestic product, consumer prices and unemployment rates in the European Union, 2016–2018

	Weights	Real GDP			Consumer prices			Unemployment rate		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Germany	20.6	1.8	2.0	2.0	0.4	1.7	1.7	4.1	3.6	3.3
France	14.8	1.1	1.3	1.4	0.3	1.4	1.3	10.1	9.8	9.4
Italy	11.1	1.0	0.9	0.9	-0.1	1.1	0.9	11.7	11.5	11.0
Spain	7.4	3.2	2.6	2.0	-0.3	1.6	1.6	19.6	17.4	16.0
Netherlands	4.6	2.1	2.1	1.9	0.1	1.4	1.3	6.0	5.1	4.5
Belgium	2.8	1.2	1.5	1.6	1.8	2.2	2.1	8.0	7.9	8.0
Austria	2.3	1.5	1.9	1.6	1.0	2.0	1.8	6.0	5.9	5.7
Finland	1.7	4.5	4.9	3.7	-0.3	1.2	1.0	7.9	6.2	5.0
Greece	1.4	1.6	1.2	1.2	0.4	1.5	1.4	8.8	8.6	8.4
Portugal	1.2	1.4	1.7	1.4	0.6	1.5	1.4	11.2	10.0	9.2
Ireland	1.2	-0.1	0.4	1.7	0.0	1.2	1.1	23.5	22.2	20.7
Slovak Republic	0.5	3.3	3.6	3.5	-0.5	1.2	1.3	9.6	8.2	7.0
Luxembourg	0.4	3.8	3.0	3.0	0.0	1.8	1.8	6.3	6.0	5.8
Slovenia	0.3	2.6	3.6	3.2	-0.2	1.6	1.6	7.9	7.1	6.5
Latvia	0.3	2.2	3.7	3.2	0.7	2.0	2.0	7.9	7.1	6.5
Lithuania	0.2	1.3	2.9	3.2	0.1	2.1	2.2	9.6	9.3	9.0
Estonia	0.1	1.7	3.6	3.0	0.8	2.1	2.2	6.8	6.4	6.0
Cyprus	0.1	2.8	2.8	3.0	-1.2	0.8	0.9	13.3	13.3	12.0
Malta	0.1	3.6	3.5	3.2	0.9	1.7	1.7	4.8	4.5	4.3
United Kingdom	17.5	1.8	1.8	1.5	0.7	2.7	2.5	4.8	4.8	4.8
Sweden	3.0	3.1	2.2	2.0	1.0	1.6	1.5	7.0	6.7	6.6
Poland	2.9	2.8	3.4	2.7	-0.7	1.5	1.3	6.2	5.2	4.9
Denmark	1.8	1.1	1.6	1.7	0.3	1.2	1.3	6.2	6.2	6.0
Czech Republic	1.1	2.3	2.4	2.9	0.7	2.1	1.7	4.0	3.3	3.0
Romania	1.1	4.8	4.0	4.0	-1.1	1.2	1.4	6.2	6.0	6.0
Hungary	0.7	1.4	2.0	2.1	0.4	2.0	2.3	5.1	4.1	3.8
Croatia	0.3	3.4	3.2	3.1	-1.1	0.5	1.0	7.7	6.9	6.6
Bulgaria	0.3	2.6	2.9	2.3	-0.6	1.0	1.0	12.8	10.8	9.3
European Union	100.0	1.8	1.9	1.8	0.3	1.7	1.6	8.6	8.0	7.6
<i>Addendum:</i>										
European Union 15	91.9	1.7	1.8	1.7	0.4	1.7	1.6	9.0	8.4	7.9
Accession countries	8.1	2.8	3.2	2.9	0.0	0.2	0.2	6.8	6.0	5.6
Euro Area	71.2	1.7	1.8	1.7	0.2	1.5	1.4	10.1	9.3	8.7
Euro Area without Germany	50.5	1.7	1.7	1.6	0.2	1.4	1.3	12.2	11.4	10.7

Based on GDP at prices and exchange rates of 2015 in percent. Change over previous year in percent. Harmonized Index of Consumer Prices (HICP). Standardized unemployment rate in percent (ILO); country groups weighted according to the size of the labor force in 2015. Accession countries since 2004.

Source: Eurostat, *National Accounts*; shaded: IfW forecast.

**Table 8.4:**  
Real gross domestic product and consumer prices in selected emerging market economies, 2015–2018

	Weights	Real GDP				Consumer prices			
		2015	2016	2017	2018	2015	2016	2017	2018
Indonesia	6.0	4.9	5.0	5.1	5.4	6.4	3.5	3.9	4.3
Thailand	2.3	2.8	3.2	2.4	3.2	2.8	3.2	2.4	3.2
Philippines	1.7	5.0	4.3	4.6	4.4	2.1	2.1	2.6	3.0
Malaysia	1.6	5.9	6.8	6.5	6.0	1.4	1.8	3.2	3.5
Total	11.6	4.6	4.8	4.7	4.9	4.4	3.0	3.3	3.8
China	41.0	6.9	6.7	6.4	5.9	1.4	2.0	2.2	2.2
India	16.8	7.3	7.1	6.8	7.2	4.9	5.3	4.0	5.0
Asian countries	69.5	6.6	6.5	6.2	6.0	2.8	3.0	2.8	3.2
Brazil	6.8	-3.8	-3.6	-0.7	1.8	9.0	8.7	4.9	4.5
Mexico	4.7	2.6	2.1	2.0	2.1	2.7	2.8	4.0	3.2
Argentina	2.1	2.6	-2.3	2.5	3.9	25.0	25.0	23.2	19.0
Colombia	1.4	3.1	2.0	2.2	2.7	5.0	7.5	4.4	3.1
Chile	1.1	-6.2	-10.0	-4.5	-3.0	121.7	475.8	-	-
Peru	0.9	2.3	1.7	2.0	2.7	4.3	3.8	2.8	3.0
Venezuela	0.8	3.3	3.9	3.8	3.7	3.5	3.6	2.8	2.5
Latin American countries total	17.7	-0.3	-1.3	0.7	2.0	8.4	8.4	6.6	5.6
Russia	7.9	-2.8	-0.2	1.1	1.5	15.5	7.0	4.8	5.0
Turkey	3.4	4.0	2.0	1.6	4.7	7.7	7.8	9.5	8.0
South Africa	1.5	1.3	0.5	1.2	1.8	4.6	6.4	6.0	5.5
Total	100.0	4.5	4.3	4.6	4.9	5.0	4.5	3.9	3.9

Based on 2015 GDP at purchasing power parities; in percent.

Source: IMF, *International Financial Statistics*; OECD, *Main Economic Indicators*; national statistics; own calculations; shaded: IfW forecast.