

straighttalk

FROM THE CONFERENCE BOARD CHIEF ECONOMIST

GLOBAL ECONOMIC OUTLOOK 2017

Bucking the Trend

Overcoming Uncertainty, Shocks, and Disruption
with Qualitative Growth





The main challenge for the global economy in the short term is that the accumulation of uncertainties has created a wait-and-see attitude among businesses toward investing in sustained, high-quality growth.



BART VAN ARK Chief Economist
The Conference Board

The global economy has now entered its sixth year of stagnation, and the growth outlook for 2017 shows a continuation of this trend. A projected stabilization in energy and commodity prices may provide a small tailwind for resource-rich economies in 2017, but the medium-term trend continues to be dominated by weaker growth in key inputs, notably investment and labor supply. Modest positive signals emerge from the base scenario showing some strengthening in qualitative growth factors, such as more advanced technology, improved labor force skills, and greater productivity. But those potentially favorable factors are under pressure from ongoing political, policy, and economic uncertainties around the world. This risks further inertia caused by a wait-and-see attitude among corporates and governments. Businesses have to prepare for more disruptions from geopolitical tensions, policy uncertainty, financial market volatility, and rapid changes in technology, but they also need to stay focused on leveraging the qualitative sources of growth with investment in technology and business productivity, even—or especially—in times of stagnation.

In 2017, global growth may pick up modestly to 2.8 percent as energy and commodity prices stabilize, although this would still be below the medium-term growth rate of around 3 percent.



A Stagnation Trend

Global growth in real output (measured as GDP, adjusted for inflation) has dropped off to 2.5 percent in 2016—its lowest rate since the end of the global recession in 2009. That is a full percentage point below the 3.6 percent rate experienced between 2010 and 2015 and well below the 4.1 percent growth rate in the decade before the crisis (1996–2007).

It is now undeniable that the global economy is stagnant. Indeed the “holding pattern” of global growth described in our outlook last year has been replaced by a gradual decent to a lower altitude, with a risk of further decline as the sources of growth may weaken further (see [Global Economic Outlook 2016 Escaping the global economy’s holding pattern](#)). In addition, multiple short and medium-term disruptive forces pressurize companies to become more agile and resilient and rethink their strategy.

One key question is: what can change the trend of slowing growth? Is the stagnation of recent years primarily demand-related, due to frugal consumers, fiscally constrained governments, and cautious investment behavior by business? Or is the stagnation primarily determined by increasing supply constraints, notably slowing population and labor force growth, an erosion of capacity, and a slow pass-through of technology to higher productivity?

Obviously the reality is that demand and supply factors interact. However, the responses of policy makers and businesses to stagnation can be quite different depending on the sources

of stagnation. In our view, at least from a business standpoint, breaking through the supply constraints is likely to be more manageable and effective for growth than hunkering down to wait for demand to pick up some day. Government, on the other hand, can help to both unlock demand and facilitate a more productive flow of resources in the economy.

One positive insight from this year’s outlook is that while quantitative growth sources (such as labor force growth and investment in structures and machinery) still account for the lion’s share of growth, the contribution of qualitative sources of growth (such as labor force skills, investment in information and communication technology, and increased business productivity) is mushrooming. For example, of the components of the 2.8 percent projected global GDP growth for 2017–2026, as much as 60 percent will come from investments in structures and equipment and only 6 percent will come from an increase in the labor force.

Qualitative growth will account for the remaining third of global growth over the next decade, which is a much stronger contribution than in the past decade (2007–2016) and comparable to the distribution of qualitative to quantitative growth in the decade before the global recession (1996–2006) (Chart 1).

Most of this anticipated qualitative growth will come from increased investment in digital and other new technology, higher labor force skills, and most importantly, an improvement in total factor productivity growth (which refers to the increased efficiency with which quantitative and qualitative growth factors are being

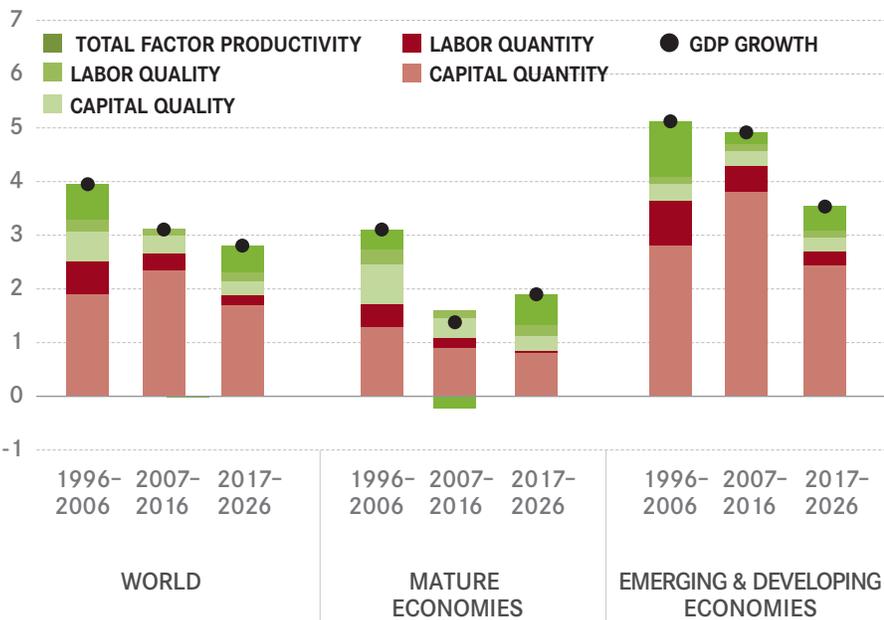
used in the production process). These dynamics are especially prevalent in mature economies, which will have to rely much more on productivity growth as the contribution from labor drops off to near zero, whereas emerging markets and developing economies show a less pronounced though similar pattern. The shift to qualitative sources of growth will provide business with a unique opportunity to create more value per unit of output, providing more revenue and higher profits even in times of stagnant growth.

While it is encouraging to see that our revised growth projections provide some reasons for optimism in the battle against slow growth (see box on business implications p. 8), by no means should this be interpreted as a certainty. One key challenge is the substantive slowdown in population and labor force growth (Chart 2). Traditionally economists find that an increase in investment levels relative to the growth of the labor supply remains fairly stable over time, which makes it difficult to accelerate traditional investment in machinery and equipment much faster than

One key challenge in the battle against slow growth is the substantive slowdown in population and labor force growth

CONTRIBUTIONS FROM QUANTITATIVE AND QUALITATIVE GROWTH SOURCES TO REAL GDP GROWTH (AVERAGE ANNUAL GROWTH)

While global growth will continue to slow in the next decade, qualitative growth factors play a larger role]



Notes: Growth rates are expressed as log differences; GDP growth is revised upward to reflect faster declines in alternative ICT prices for 10 countries with significant ICT production and trade, including Singapore, Malaysia, Philippines, Ireland, Taiwan, South Korea, Japan, the United States, Canada, and China. See "About The Conference Board Global Economic Outlook 2017."

Source: The Conference Board Global Economic Outlook 2017

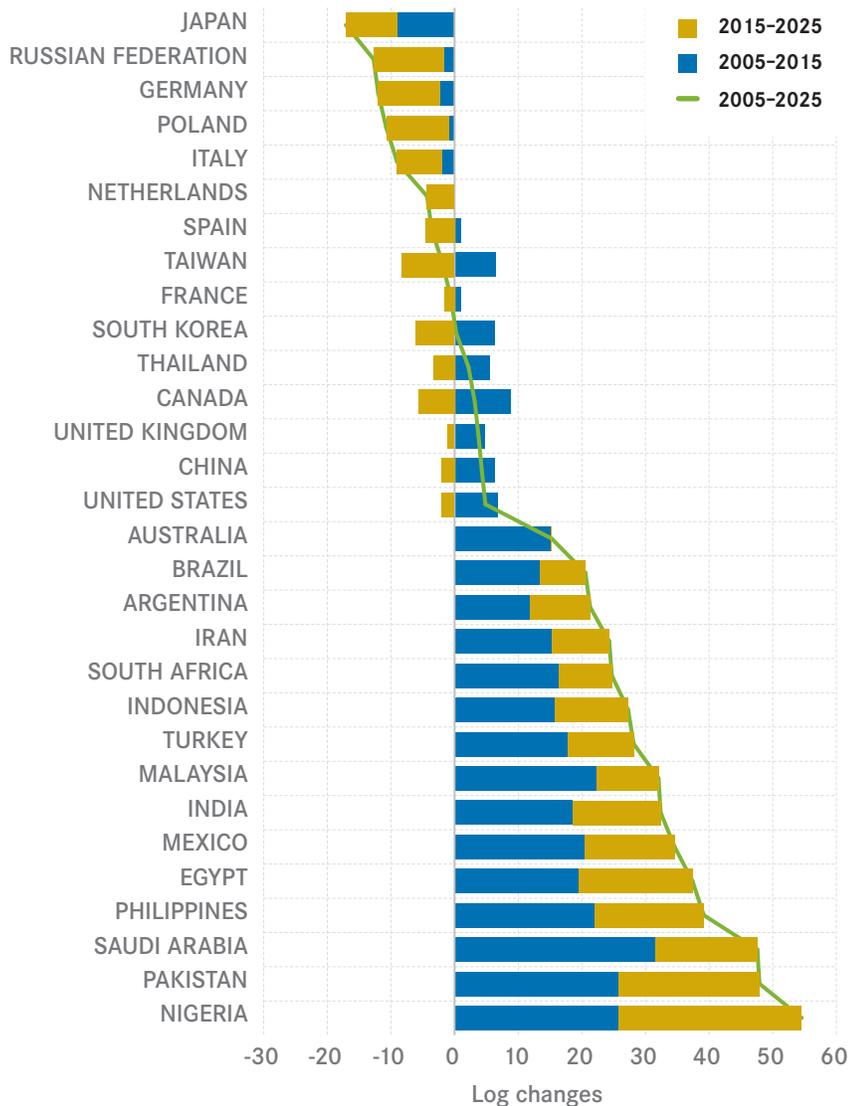
CHART 1

population growth. As world population growth is projected to slow to 0.6 percent in the next 10 years, compared to almost 1 per cent in the previous 20 years, pushing up investment too fast could cause

weaker returns and lower productivity over the long term. Indeed low returns on investment are one reason (among many others) why low interest rates are not necessarily helping the economy grow faster.

GROWTH OF WORKING AGE POPULATION (GROWTH PER PERIOD)

Over the next decade half of the 30 largest economies in the world will see a drop in potential labor supply



Notes: Working-age population refers to the population aged 15-64; 2015-2025 refers to growth in population excluding migration; growth rates are expressed as log differences.

Source: United Nations Population Division, World Population Prospects, the 2015 Revision. Data for Taiwan taken from the country's National Development Council.

Short-term Growth, Uncertainties, and Shocks

While medium-term trend growth is driven by fundamental forces (such as demographics and technology as discussed above), short-term growth is determined by shocks and uncertainties emanating from political, policy, and economic factors which occur continuously. As such forces can make the economy deviate from its long-term trend, it is important to look at what factors can temporarily support growth (for example, business cycle recoveries or stimulus measures) or drag it down (for example, political shocks such as Brexit, or economic shocks such as a financial crisis).

At 2.5 percent, global growth was especially disappointing in 2016. Resource-rich economies suffered the full impact of low energy and commodity prices, while resource-scarce countries did not fully leverage the advantage of low prices because overall demand remained fairly weak. In 2017, global growth may pick up modestly to 2.8 percent as energy and commodity prices stabilize, although this would still be below the medium-term growth rate of around 3 percent (Chart 3).

However, there are substantial downside risks to the 2017 growth outlook. In the United States, a new

CHART 2

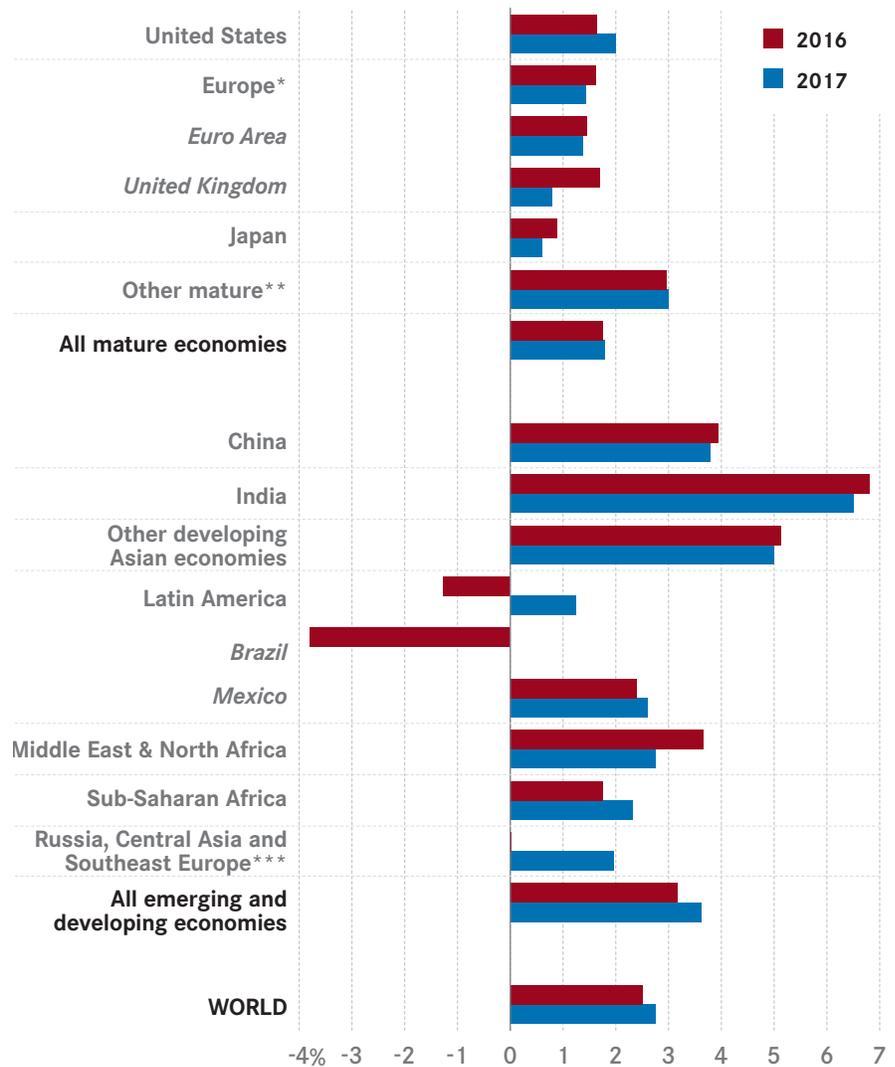
administration will face the challenge of managing a dual-speed economy which is largely driven on the plus side by consumer spending, fueled by stronger household balance sheets, and on the minus side by weak business investment. The improvement in consumer spending is the result of a better housing market, with home values recovering as inventories shrink and mortgage rates remain quite low. In addition, tightening labor markets have pushed up growth in take-home pay about 2.5 percent in 2016. Labor participation rates—albeit still low in historical terms—are showing some modest improvements. On the other hand, however, investment—with the exception of information technology—remains weak, and labor productivity growth is at an all-time low. Current monetary and fiscal policies have proven ineffective in kick-starting the economy to a higher-growth trajectory, and the expensive dollar provides an additional headwind for multinational companies. It's therefore hard to see the US economy growing much faster than two percent in 2017. Declining profits generate higher recession risks. However, there are no signs of the kind of bubbles in labor markets (for example, a wage explosion) or housing markets (booming home prices) that might trigger a recession in 2017.

For a more detailed review of the US economy, see: [Global Economic Outlook for the United States: Managing Risks and Opportunities as Slow Growth Lingers](#)

A big short-term challenge for the global economy will come from new policy and political shocks in 2017.

GDP GROWTH (AVERAGE ANNUAL PERCENT CHANGE), 2016 AND 2017

Some growth uptick in 2017 as energy and commodity price stabilize, but downside risks loom large



Notes: GDP growth is revised upward to reflect faster declines in alternative ICT prices for 10 countries with significant ICT production and trade, including Singapore, Malaysia, Philippines, Ireland, Taiwan, South Korea, Japan, the United States, Canada, and China. See "About The Conference Board Global Economic Outlook 2017."

Growth rates for China reflect The Conference Board's own estimates. See "Frequently Asked Questions on The Conference Board's Alternative China GDP series"

* Europe includes all 28 members of the European Union, as well as Iceland, Switzerland and Norway.

** Other mature economies are Australia, Canada, Israel, Hong Kong, South Korea, New Zealand, Singapore, and Taiwan.

*** Russia, Central Asia, and Southeast Europe include projections for Russia, Kazakhstan, Turkmenistan, Uzbekistan, Belarus, and Turkey..

Source: The Conference Board Global Economic Outlook 2017

CHART 3

BUSINESS IMPLICATIONS LEVERAGING THE QUALITATIVE SOURCES OF GROWTH TO MANAGE DISRUPTION

OPTIMIZE THE USE OF THE AVAILABLE LABOR SUPPLY AND SCARCE TALENT.

The growth of the working-age population will decline (in most mature economies) or at least slow (in most emerging economies) in the coming decade. It will determine the labor supply and make access to scarce talent increasingly difficult. Retaining and hiring older people and women, enabling virtual work, using immigrant labor, and offshoring are key aspects of any human capital strategy around the world.^a

HARNESS THE BENEFITS FROM DIGITAL TRANSFORMATION.

The opportunities for capturing growth from innovation, especially digital transformation, vary greatly across economies. But almost nowhere have the growth and productivity effects of the New Digital Economy (mobile, broadband, and cloud) been fully realized. Opportunities and challenges depend on companies' abilities to access digital services, create digital skills, strengthen collaboration within the organization, partner with incumbents and disruptors, and turn disruptive threats into growth opportunities through agility and resilience.^b

DRIVE PRODUCTIVITY GROWTH THROUGH INNOVATION AND EFFICIENCY.

Faster productivity growth and greater competitiveness depend on a multitude of factors—including new approaches to creating and securing workforce skills (such as those of millennial and digital workers), investing in knowledge-based assets (such as research and development, design, training, brand, and organizational improvements), strengthening management competencies, and embracing reforms in product, labor, and capital markets—that help companies reallocate labor and capital to more productive uses.^c

TAKE ADVANTAGE OF CATCH-UP POTENTIAL IN LOW-INCOME EMERGING MARKETS.

The potential for catch-up growth from low levels of development, which many of the larger emerging markets have enjoyed as a result of globalization in trade and investment during the 1990s and 2000s, is still available to many smaller emerging and developing markets. Productivity levels of many economies in sub-Saharan Africa, Asia, and Latin America are still well below those of the BRICS (Brazil, Russia, India, China, South Africa) economies, and many of them have large consumer populations and an ample supply of low-wage labor.^d

a Gad Levanon and Abdul Erumban, with Ben Cheng, Eric Hayek, Brian Schaitkin, Frank Steemers, and Eliza Winger, [Help Wanted: What Looming Labor Shortages Mean for Business - CHRO Implications](#), The Conference Board, April 2016.

b Bart van Ark, Abdul Erumban, Carol Corrado, and Gad Levanon, [Navigating the Digital Economy: Driving Digital Growth and Productivity from Installation to Deployment](#), The Conference Board, May 2016.

c Bart van Ark, Ataman Ozyildirim, Prajakta Bhide, Elizabeth Crofoot, Abdul Erumban, and Gad Levanon, [Prioritizing Productivity to Drive Growth, Profitability, and Competitiveness](#), The Conference Board, June 2015.

d For example, Klaas de Vries, [Climbing a Steeper Hill? Sub-Saharan Africa's Recent Economic Development and Business Prospects](#), The Conference Board, May 2016.

Source: Bart van Ark, [Quality over Quantity: How Business Can Generate Sustainable Growth in a Slow Global Economy](#), StraightTalk, May 2016.

This risk has already clearly emerged in Europe, where the pro-Brexit referendum vote in June 2016 introduced an era of uncertainty for the UK and Europe as a whole. The immediate effects of the vote on the economies of the UK and the Euro Area quickly waned, with the exception of the structurally weaker pound, which affects businesses differently depending on their exposure to foreign versus domestic markets. However, the medium-term effects suggest there will be little to gain from Brexit. While the full effects may not be clear until the negotiations are completed in 2019, the outcome is all that more important because both the UK and the Euro Area have exhausted their recovery potential from two recessions (2008–2009 and 2011–2012), limiting growth in 2017 to 0.8 and 1.4 percent respectively. Especially as most of Western Europe’s economies (including those of Germany, France, and the Mediterranean countries) are facing much stronger demographic headwinds than the United States, they will face labor shortages and rising wage costs as soon as unemployment rates stop declining further. Medium-term growth in Europe will become more dependent on qualitative growth factors, supported by scale advantages from technology, a stronger and more flexible labor market, a coordinated approach to immigration, and a single market for products and especially services. Such growth drivers are more likely to benefit from continued integration than from the current centrifuging forces, which may weaken European institutions further.

For a more detailed review of Europe’s economies, see: [*Global Economic Outlook 2017 Europe, A Better Business Environment in Europe: Where and When?*](#)

Economies in Latin America, the Middle East, and Sub-Saharan Africa will benefit from the stabilization of energy and commodity prices but will not see much of a traditional commodity cycle upturn as supply continues to dictate prices in the coming years (see box on p. 13). Southeast Asian economies may continue to sustain growth if global demand doesn’t drop off further, but the current challenges of tightening financial and credit conditions are increasing borrowing costs and therefore adversely affecting investment potential. India’s economy is beginning to show more cracks as the rapid growth advances of recent years begin to wane under the influence of snail-pace reforms, weaker business confidence, and slower investment. China continues on a “long, soft fall” trajectory with our estimated growth rates slowing from 3.9 percent in 2016 to 3.8 percent in 2017. The government’s policy agenda keeps swinging between opposing goals. On the one hand, tightening monetary conditions and reform rhetoric are meant to force adjustments toward a less capital-intensive, more productive, and more consumer and service-driven economy. On the other hand, ongoing fiscal stimulus is meant to offset any panic and perception that the current slowdown is unmanageable. If adequately implemented, reforms in labor and capital markets could improve market-driven allocations of China’s growth sources. In contrast,

The shift to qualitative sources of growth will provide business with a unique opportunity to create more value per unit of output.



shoring up traditional sectors in the economy that have already faced massive declines in employment and productivity growth will only slow the transition process. The underlying risk of a fragile financial system, which has been gradually exposed to more global forces, creates an additional uncertainty for China's growth path.

For a more detailed review of Emerging Asia's economies, see: [Global Economic Outlook 2017](#), [Emerging Asia: Navigating through Economic Turbulence](#).

The main challenge for the global economy in the short term is that the accumulation of uncertainties has created a wait-and-see attitude among businesses toward investing in sustained, high-quality growth. Delayed investment would mean, for example, that the payoff from digital transformation efforts would take much longer and that attempts by middle-income economies to continue catching up to the performance levels of advanced ones would be less effective in terms of sustaining solid growth rates in the medium term.

WITH CORRECTIONS FOR MISESTIMATION, QUALITATIVE GROWTH AND GDP ADJUST UPWARD

In an increasingly "weightless" economy, with more services than goods and more digital than physical output, can we still rely on macroeconomic statistics such as GDP as a guide to understand the contribution of some of the underlying drivers of business growth around the world? While measurement issues are a great challenge for statisticians and academics, one cannot be nihilistic about what the major biases are, and how to correct for them.

In this year's Global Economic Outlook, we deviate from official government statistics on investment in information and technology, which are notoriously understating the quality gains and price declines embodied in these new technologies.

For example, we find that recent US output productivity growth might be understated by 0.3 of a percentage point per year as decreases in the prices of computers, communication equipment, and software have not been accounted for adequately.^a

In our new projections, we have adopted revised estimates of rapidly declining information and communications technologies (ICT) prices to upwardly adjust all investments (in real terms) in those technologies. In most countries this means faster growth in capital, although the impact on growth at the aggregate level has mostly not been visible, as most economies are largely importing such technologies. However, for

a small number of countries who are big exporters (like Korea, Taiwan, and Ireland) or big users of their own ICT production (like the United States and China) we have also increased their output, leading to adjustments of between 0.2–0.3 of a percentage point in GDP growth for the United States and China, to over one percentage point adjustment for Taiwan and Korea.

For a full methodological overview of this year's Global Economic Outlook, see Abdul Azeem Erumban and Klaas de Vries, [Global Growth Projections for The Conference Board Global Economic Outlook 2017, November 2016, The Conference Board](#).

^a David Byrne and Carol Corrado, *ICT Prices and ICT Services: What Do They Tell Us about Productivity and Technology*, The Conference Board working paper EPWP #16-05, May 2016.

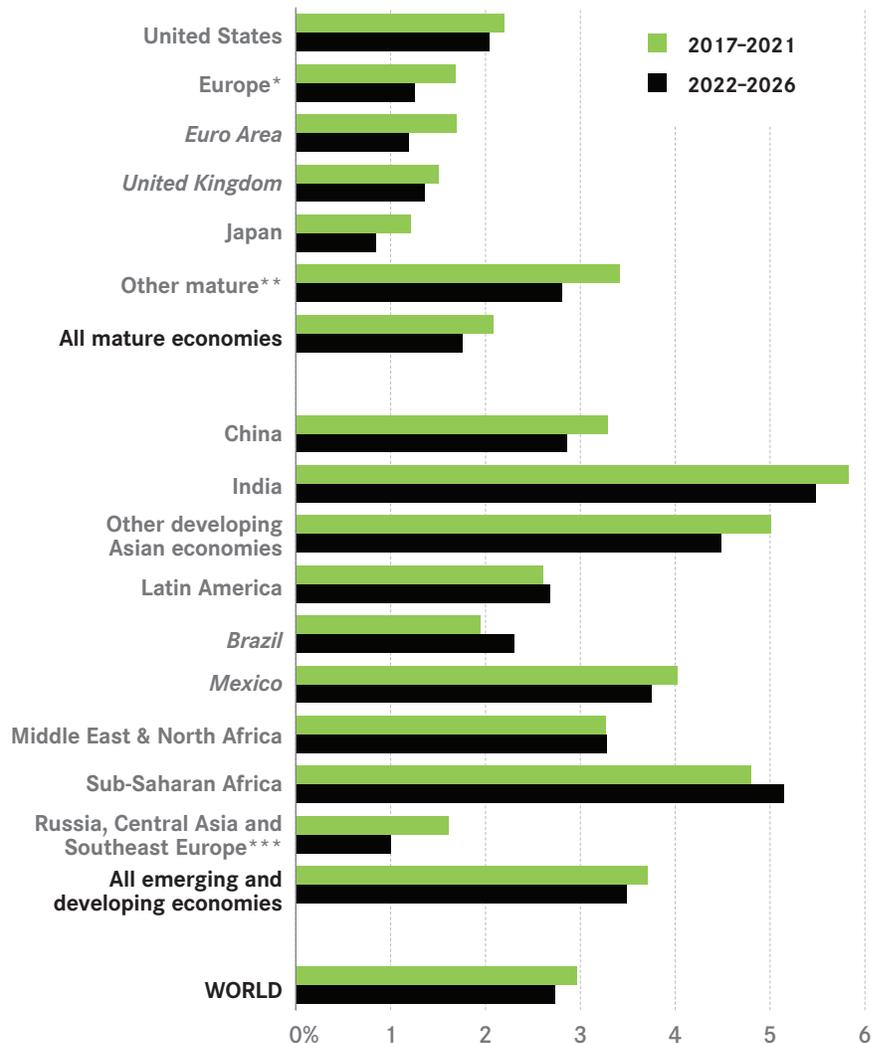
Managing Disruptive Forces for Change

The slowing global growth trend can be most clearly seen from the medium-term growth outlook. Global growth will improve slightly to about 3 percent in the next five years, distributed between 2.1 percent growth in mature economies and 3.7 percent in emerging markets and developing economies (Chart 4). In mature markets roughly 0.2 percentage points of this growth rate over the next five years will be due to improved cyclical effects (technically speaking, “a closing of the output gap”); in emerging markets that number will be 0.1 of a percentage point. Into the next decade, growth will drop off further in both mature and emerging markets, mainly due to slower labor supply growth.

While those relatively slow growth numbers do not predict an economic Armageddon (similar 3 percent global growth rates were seen back in the 1970s and 1980s and with much faster population growth), we cannot be complacent about the implications. A rapidly aging global population increases the number of dependents relative to the economically active, raising per-capita health care and pension costs so that greater productivity is required from those who are working. Environmental concerns, exacerbated by rapidly increasingly middle classes in emerging economies, increase the need for investment in energy-saving technologies and reductions in CO₂ emissions. And even though labor supply in the world’s largest economies will slow, pressures from rapid population growth in the poorest and most

GDP GROWTH (AVERAGE ANNUAL PERCENT CHANGE), 2017-2021 AND 2022-2026

Trend growth continues to weaken, despite some support from cyclical factors in coming years



Notes: GDP growth is revised upward to reflect faster declines in alternative ICT prices for 10 countries with significant ICT production and trade, including Singapore, Malaysia, Philippines, Ireland, Taiwan, South Korea, Japan, the United States, Canada, and China. See “About The Conference Board Global Economic Outlook 2017.”

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* Europe includes all 28 members of the European Union, as well as Iceland, Switzerland and Norway.

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*** Russia, Central Asia, and Southeast Europe include projections for Russia, Kazakhstan, Turkmenistan, Uzbekistan, Belarus and Turkey.

Source: [The Conference Board Global Economic Outlook 2017](#)

CHART 4

Business should work with alternative growth scenarios, which are in part determined by the policy environment but also by business investment in qualitative sources of growth.

politically destabilized economies could cause unmanageable migration flows if not countered by ongoing investments in infrastructure or technological and institutional innovation.

So how can these disruptive forces be managed to change the trend toward more sustainable growth numbers for the medium term. How long does it take, and what does it take? Indeed the challenges are large and multifold (see box on policy implications on p. 14), but four major policy factors stand out that need watching:

- A more effective monetary, fiscal, and structural policy environment;
- Managing the transition to sustainable energy supply and usage;
- Revamping the global trade system; and
- Leveraging the advantages of digital transformation.

Alternative Scenarios: Stagnation or Dynamic Change?

Economic growth projections are uncertain, especially in this day and age of disruptive forces stemming from both shocks and uncertainties in the short term and weakening labor supply and slow productivity growth in the medium term. Business should therefore work with alternative growth scenarios, which are in part determined by the policy environment

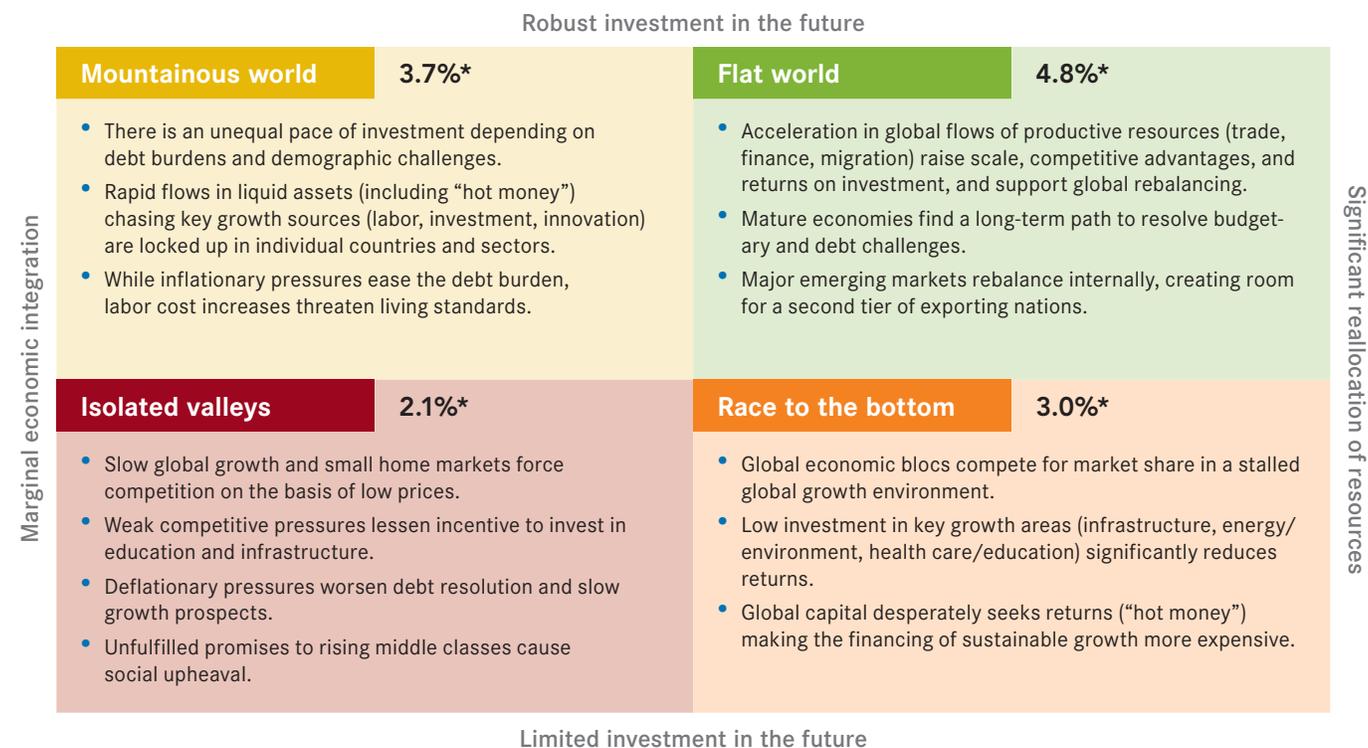
but also by business investment in qualitative sources of growth (see grid on p. 13). A 2014 study by The Conference Board outlines macroeconomic growth scenarios by region and the possibilities for increasing investment and reallocating resources to increase productivity and sustain growth in each scenario.

[For a detailed analysis of global growth scenarios by The Conference Board, see Bart van Ark and Willem Overmeer, *Global Growth Scenarios 2020*, The Conference Board, 2014.](#)

The scenario analysis finds that policies and business actions to manage the shrinking labor force, invest in technology and innovation, and raise productivity could deliver between 0.7 and 1.8 percentage points of additional growth above the baseline five-year global growth projection of 3 percent from 2017–2021. Alternatively, a disintegration of the global trade system, a reduction in competitive pressures, deflation, and social upheaval in the world’s middle classes could detract another 0.9 percent growth from the five-year projection. In our opinion, those scenarios, which have been developed for the medium term, still hold up very well in today’s environment, even if the upside potential may be somewhat less than two years ago. Still, any of the factors in these scenarios might just make the difference between a stagnant global economy and a dynamic one that is able to sustain an improvement in living standards in the coming decades. ■

SCENARIOS FOR GLOBAL GROWTH BY 2020 HINGE ON INVESTMENT AND POLICY REFORMS

The difference between mediocre and stellar global performance is almost 3 percentage points



* Global GDP growth estimates based on The Conference Board Global Economic Outlook, May 2014. At that time the base growth scenario for global GDP was 3.1 percent for 2014-2019 compared to our current estimate of 2.8 percent for the same period.

Source: Bart van Ark and Willem Overmeer, *Global Growth Scenarios 2020*, The Conference Board, 2014.

CHART 5

POLICY IMPLICATIONS MAKING ECONOMIC POLICY MORE CONDUCTIVE TO GROWTH^a

A MORE EFFECTIVE MONETARY AND FISCAL POLICY ENVIRONMENT

A near decade of very easy money has avoided the worst in the aftermath of the global financial crisis, but now does little to generate new growth. Not only does the low (or even negative) interest rate environment provide little incentive for new investments, especially among large companies that are not short of cash, it also creates large inefficiencies across economies and lowers returns on capital, as reflected in weak productivity growth. A return to positive interest rates will need to be accompanied by a more proactive fiscal policy framework, which should provide a balance between responsible fiscal spending and moderate tax rates to support private spending.

MANAGING GLOBAL ENERGY SUPPLY AND USAGE

While slow demand does not help to support prices, the rapid changes on the supply side of the energy market will be predominant in keeping oil prices low in the next decade. In particular, weaker market power by suppliers in the Middle East and Russia and the relatively high price elasticity of energy supply due to oil and gas fracking in the US will keep oil and energy prices more generally at relatively low levels in the coming years. As most governments have committed to significant CO₂ reductions, they also have an important role to play in supporting technologies, creating incentives that increase energy efficiency, and promoting the creation of a circular economy that maximizes reuse of resources in production and consumption.^c

REVAMPING THE GLOBAL TRADE SYSTEM

In the past decade the growth rate of the volume of global trade has declined dramatically. The causes for the trade slowdown are multifold and include:

- 1 The slowdown in global demand and GDP itself;
- 2 Structural changes in trade such as a shift toward the production of services (which are less tradeable than goods), a defragmentation of global value chains as emerging markets add more value themselves, and technology that supports reshoring of manufacturing activity; and
- 3 A rise in protectionist policies favoring domestic interests over the advantages of global trade.

Providing workable trade agreements that deal with the large trade issues of current times and are at the same time politically feasible are critical to spur businesses to invest and generate productivity and growth.^d

LEVERAGING THE ADVANTAGES OF DIGITAL TRANSFORMATION

The rapid transition of economies toward the New Digital Economy, which involves mobile technology, ubiquitous access to the internet, and the move toward cloud storage and computing, has created tremendous advantages to consumers. At the same time, however, technological change also creates challenges for the labor market, as many jobs and occupations are at risk or are already being displaced, while new occupations complementary to the new technologies face significant labor shortages.^e Governments can play a large role in creating a more flexible training and education system and provide incentives in tax and benefits structures for workers, including the growing army of contingent workers in the labor force, to support the transition to the New Digital Economy.

^a Below is a short overview of critical policy issues that have been raised in conversations with The Conference Board members in recent years. For a deeper analysis of such topics, readers are referred to The Committee for Economic Development at The Conference Board, especially its recent work in the area of Sustainable Capitalism.

^b See Peter Lacy and Jakob Rutqvist, *Waste to Wealth, The Circular Economy Advantage*, Palgrave/McMillan, 2015.

^c For a recent review see, *IMF World Economic Outlook, Chapter 2: Global Trade, What's Behind the Slowdown?* October 2016.

^d See Chapter 4 on "Working in the New Digital Economy" in Bart van Ark, et al., *Navigating the Digital Economy*, The Conference Board, May 2016.

THE CONFERENCE BOARD GLOBAL ECONOMIC OUTLOOK, 2010–2026

	2010-2015	2016	2017	2017-2021	2022-2026
	ACTUAL GROWTH	ESTIMATED GROWTH	FORECAST GROWTH	PROJECTED GROWTH	TREND GROWTH
UNITED STATES	2.3%	1.6%	2.0%	2.2%	2.0%
EUROPE*	1.2	1.6	1.4	1.7	1.3
EURO AREA	0.8	1.5	1.4	1.7	1.2
UNITED KINGDOM	2.0	1.7	0.8	1.5	1.4
JAPAN	1.5	0.9	0.6	1.2	0.8
OTHER MATURE**	3.9	3.0	3.0	3.4	2.8
ALL MATURE ECONOMIES	2.0	1.7	1.8	2.1	1.8
CHINA ^a	7.4	3.9	3.8	3.3	2.9
INDIA	7.1	6.8	6.5	5.8	5.5
OTHER DEVELOPING ASIAN ECONOMIES	5.4	5.1	5.0	5.0	4.5
LATIN AMERICA	2.6	-1.3	1.2	2.6	2.7
BRAZIL	2.0	-3.8	0.0	1.9	2.3
MEXICO	3.2	2.4	2.6	4.0	3.8
MIDDLE EAST & NORTH AFRICA	3.2	3.7	2.7	3.3	3.3
SUB-SAHARAN AFRICA	4.9	1.7	2.3	4.8	5.1
RUSSIA, CENTRAL ASIA, AND SOUTHEAST EUROPE***	3.0	0.0	2.0	1.6	1.0
ALL EMERGING AND DEVELOPING ECONOMIES	5.2	3.2	3.6	3.7	3.5
WORLD TOTAL	3.6	2.5	2.8	3.0	2.7

Notes: GDP growth is revised upward in order to reflect faster declines in alternative ICT prices for 10 countries with significant ICT production and trade, including Singapore, Malaysia, Philippines, Ireland, Taiwan, South Korea, Japan, United States, Canada and China. See “About The Conference Board Global Economic Outlook 2017.”

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* Europe includes European Union-28 as well as Switzerland and Norway.

** Other mature economies are Australia, Canada, Iceland, Israel, Hong Kong, South Korea, New Zealand, Singapore, and Taiwan.

*** Russia, Central Asia, and Southeast Europe include projections for Russia, Kazakhstan, Turkmenistan, Uzbekistan, Belarus and Turkey.

Source: [The Conference Board Global Economic Outlook 2017](#)

ABOUT THE CONFERENCE BOARD GLOBAL ECONOMIC OUTLOOK 2017

The *Conference Board Global Economic Outlook 2017* provides projections for the output growth of the world economy, including 11 major regions and individual estimates for 33 mature and 32 emerging market economies for 2016, 2017, 2017–2021, and 2022–26. The projections are based on a growth accounting model that estimates trend growth as the contributions of the use of labor, capital, and productivity to the growth of GDP. Capital and productivity growth are estimated on the basis of a wide range of related variables during past periods. The trend growth rates obtained from this process are adjusted for possible deviations between actual and potential output. A description of the methodology, including several adjustments to the estimation

model, can be found in Abdul Azeez Erumban and Klaas de Vries, *Global Growth Projections for The Conference Board Global Economic Outlook 2017*, The Conference Board, 2016. The most important changes compared to last year are improved estimates of ICT capital, together with new measures of ICT prices which show a faster decline relative to official measures, and a corresponding upward revision in GDP for 10 countries with significant ICT production and trade, including Singapore, Malaysia, Philippines, Ireland, Taiwan, South Korea, Japan, the United States, Canada, and China. For more information, please visit The Conference Board website page for this publication at www.conference-board.org/data/globaloutlook.cfm.

Have a question about this issue of **StraightTalk**® or the economics program of The Conference Board? Readers are encouraged to contact the author at straighttalk@conferenceboard.org. Bart van Ark is also available for in-house economics briefings.

For all other research-related inquiries, please contact **Ask TCB**™, the business information service of The Conference Board, at bis@conferenceboard.org or +1 212 339 0390.

Bart van Ark Chief Economist

Ataman Ozyildirim Director, Business
Cycles and Growth Research

Abdul A. Erumban Senior Economist

Klaas de Vries Research Analyst

Peter Drubin Director of Publishing

Stephanie Cady Editor

Diana Haas Design

Maria-Cristina Rueda Design

Kathy Mercandetti Production Team Leader

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AMERICAS +1 212 759 0900 / customer.service@conferenceboard.org

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EUROPE/AFRICA/MIDDLE EAST +32 2 675 54 05 / brussels@conferenceboard.org

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