

Germany Becomes the World's Top Exporter (2017)

Abstract

A study by the economic research institute Ifo shows that Germany has once again become the world's top exporter by compiling the largest trade surpluses of any country, even if this imbalance creates problems of its own.

Source

Germany has replaced China as the world's top exporter

According to calculations by the Ifo Institute, Germany had the largest export surplus in the world last year and has again become the world's top capital exporter as well.

According to calculations by the Ifo Institute, in 2016 Germany replaced China as the country with the largest export surplus in the world. "The trade balance will probably amount to a surplus of 297 billion dollars," Ifo expert Christian Grimme told the Reuters news agency on Monday. The People's Republic is therefore in second place with a surplus of 245 billion dollars (229.38 billion euros).

In 2015, the roles were reversed. Japan held third place. According to the Ifo Institute in Munich, the USA has the greatest deficit, amounting to an estimated 478 billion dollars. "This means that the USA consumes significantly more than it produces and incurs foreign debts," explained Grimme.

The figures will likely fuel international criticism of the German economic model, especially since they are a thorn in the side of the new US President Donald Trump. He accuses China of unfair trade practices towards the USA, but has also openly threatened German automobile manufacturers with import tariffs.

The trade in commodities is booming

Germany is under fire in Europe, too. Thus, according to the most recent Ifo calculations, the surplus represents 8.6 percent of annual economic output, while the European Commission already considers more than 6 percent as detrimental to stability over the long term. Germany has been clearing this hurdle for years now. Since the worldwide financial crisis, if not before, Brussels has seen this as an imbalance: countries with enormous surpluses contribute to other states incurring debts to finance their imports.

"The surplus in the German trade balance can be attributed mainly to the trade in commodities," according to Grimme. Here, Germany amassed a surplus of 255 billion euros from January to November alone. "The main driver was increased demand from the other countries of the Eurozone and European countries outside the EU." Aside from the commodity trade, the trade balance also includes all other transfers to and from other countries, from services to development aid.

The enormous deficit in the US trade balance also largely derives from the trade in commodities. It is "strongly deficient" especially with Asia, Grimme explained. "But the balance is negative with the Eurozone as well, whereby half of the deficit with the Eurozone is attributable to net imports from Germany."

The German surplus is accompanied by net capital exports, since not just machines, vehicles or chemicals are sent abroad, but also the loans to finance them. "Once again, Germany has become the

world champion in capital exports,” according to Grimme.

Source: “Deutschland löste China als Export-Weltmeister ab”, *Die Presse*, January 30, 2017.

<https://diepresse.com/home/wirtschaft/economist/5161959/Deutschland-loeste-China-als-ExportWeltmeister-ab>

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