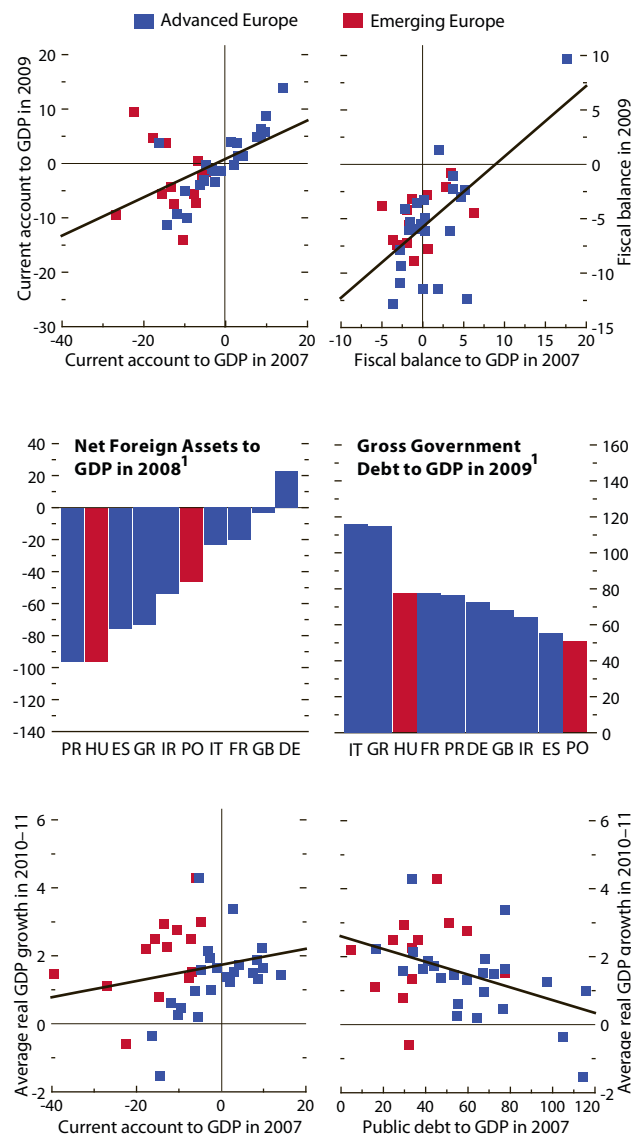


## Figure 2.7. Europe: A Moderate Recovery Held Back by Fiscal and External Imbalances

(Percent)

Many economies in advanced and emerging Europe faced the global crisis with substantial current account imbalances and weak fiscal positions. Current account deficits narrowed during the crisis in many cases, especially in emerging Europe. But fiscal balances deteriorated sharply across the board, as a result of large output losses and costly crisis-related measures. Consequently, some countries in the region emerged from the crisis with weak external and public sector balance sheets. These imbalances are dimming the prospects for growth in these countries.



Source: IMF staff estimates.

<sup>1</sup>DE: Germany; ES: Spain; FR: France; GB: United Kingdom; GR: Greece; HU: Hungary; IR: Ireland; IT: Italy; PO: Poland; PR: Portugal.