

Macroeconomic Stabilization

The Western Balkans: 15 Years of Economic Transition



Vienna

March 10, 2015

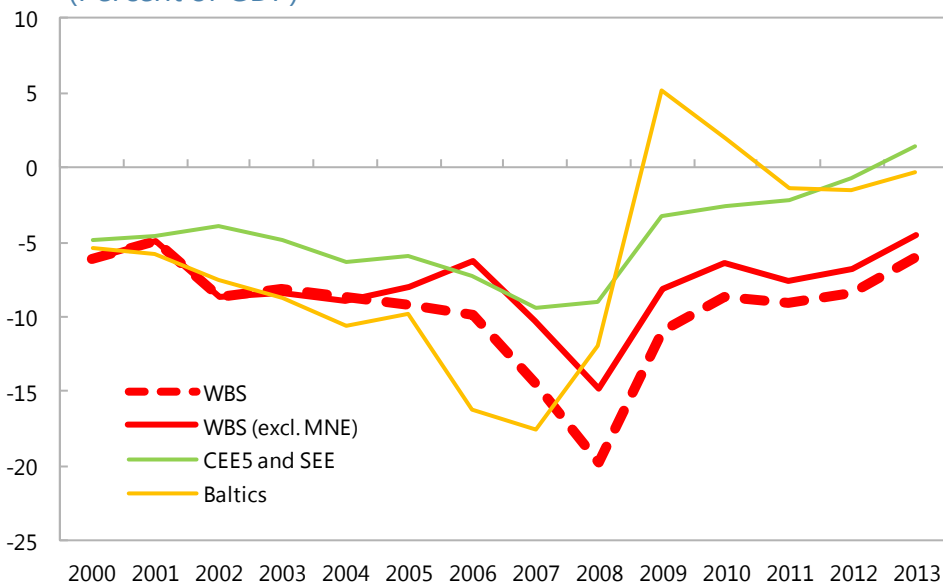
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Advisor
European Department, IMF

How to reduce external imbalances?



Current Account Balances by Region

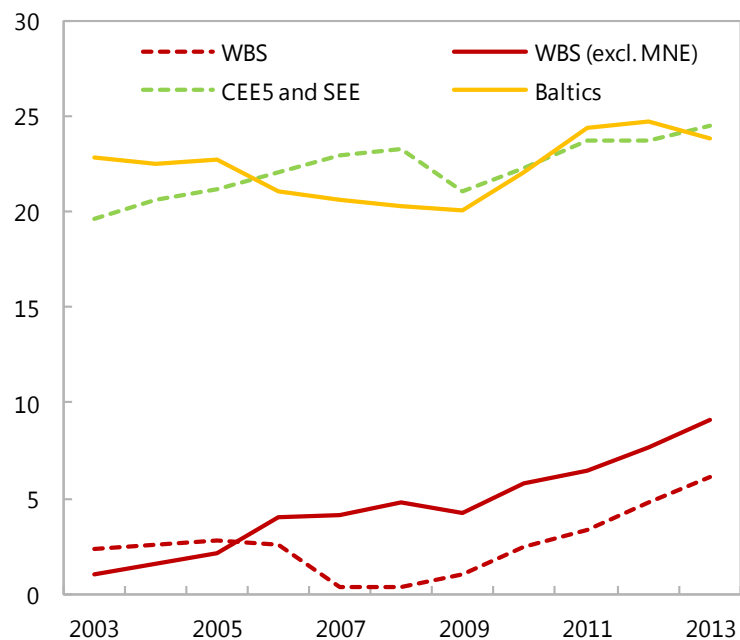
(Percent of GDP)



Sources: IMF, World Economic Outlook and IMF staff estimates.

Domestic Savings

(Percent of GDP)



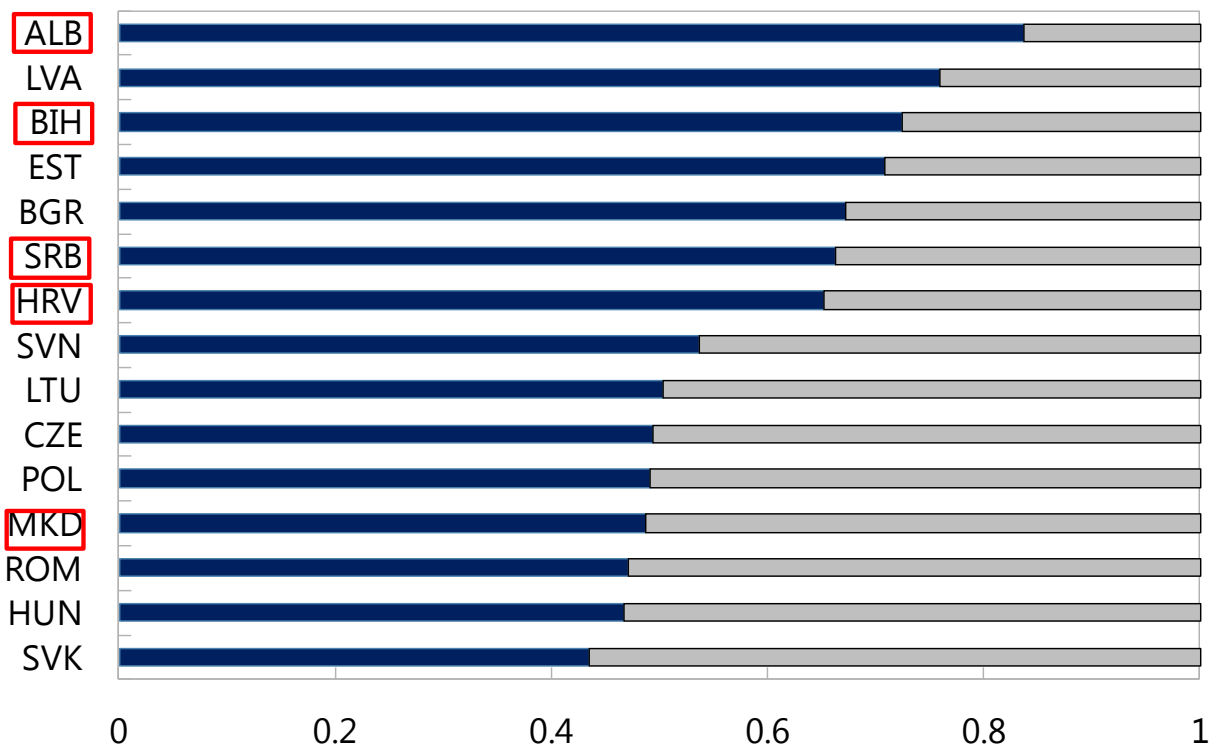
Source: IMF, World Economic Outlook.

How to ensure that capital boosts productive potential?



Foreign Direct Investment Flows by Sector

(Shares of FDI directed to tradables and nontradables sectors, 2007)



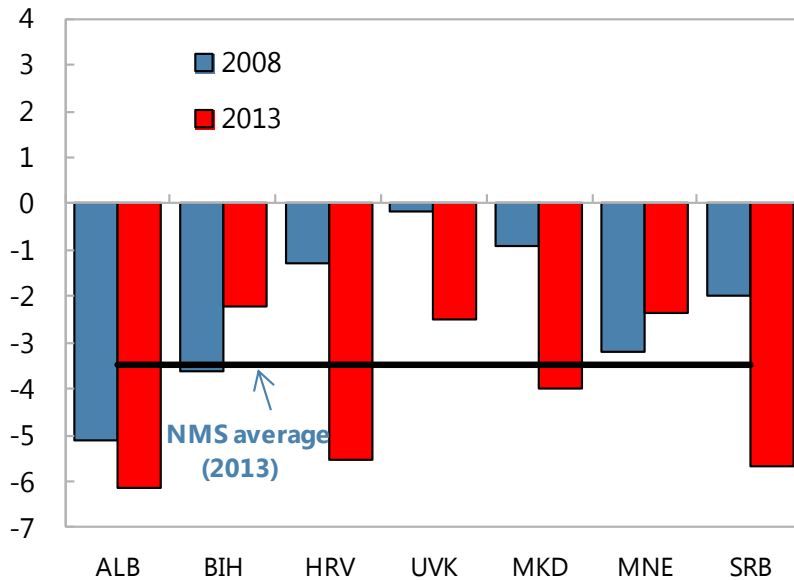
Source: IMF, World Economic Outlook.

■ Nontradeables ■ Tradeables

Public finances deteriorated in most WBS...

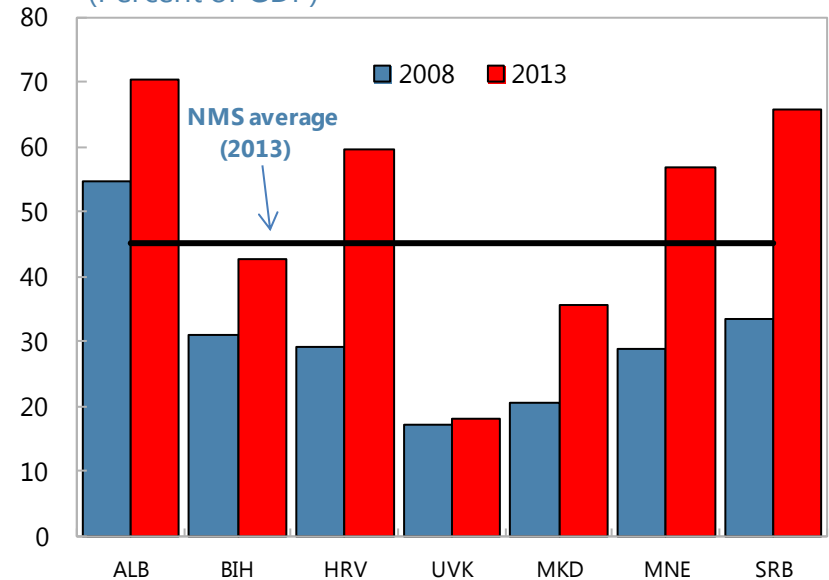


Overall Fiscal Balances in 2008-13
(Percent of GDP)



Source: IMF, World Economic Outlook.

Gross Debt in 2008-13
(Percent of GDP)



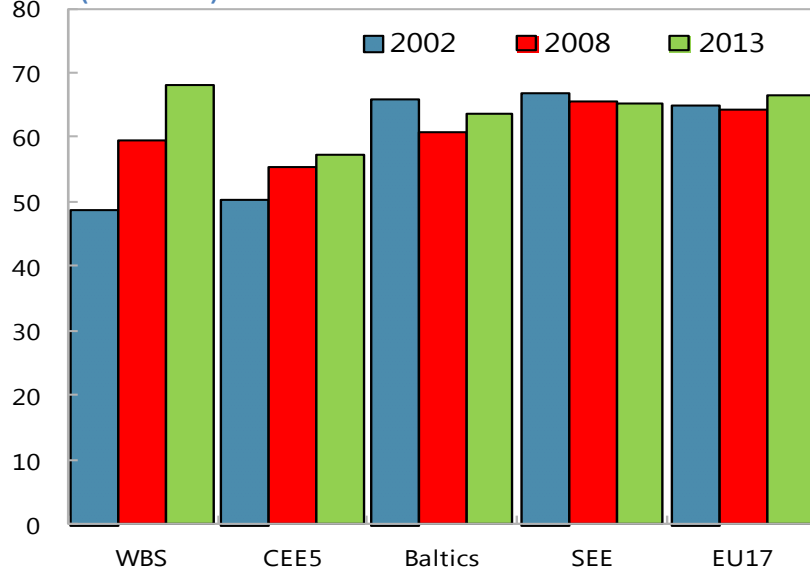
Source: IMF, World Economic Outlook.

Note: 2008 data for UVK is unavailable, 2009 data was used instead.

...and fiscal consolidation is needed in many countries

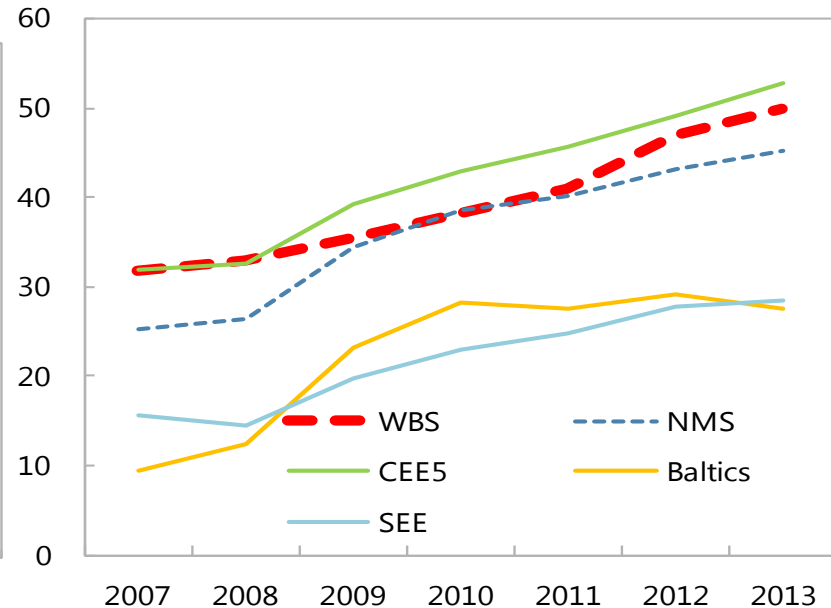


Precommitted Spending as a Share of Total Expenditures (Percent)



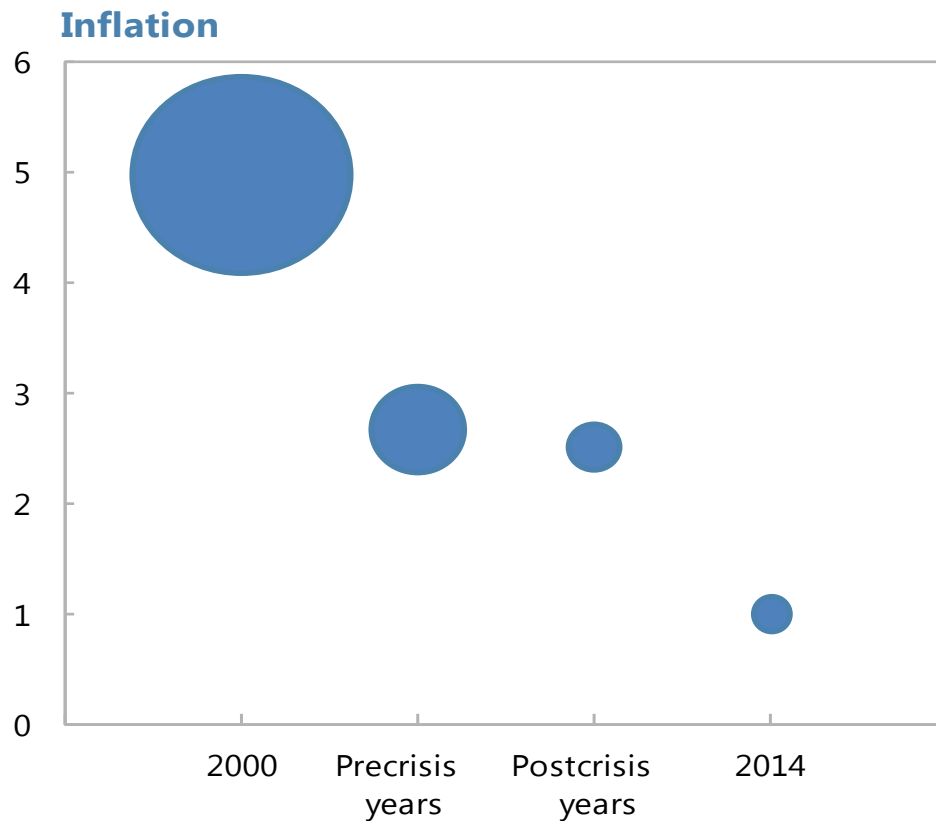
Source: IMF, World Economic Outlook.

General Government Gross Debt (Percent of GDP)



Source: IMF, World Economic Outlook.

WBS were successful in reducing inflation



Source: IMF, World Economic Outlook.

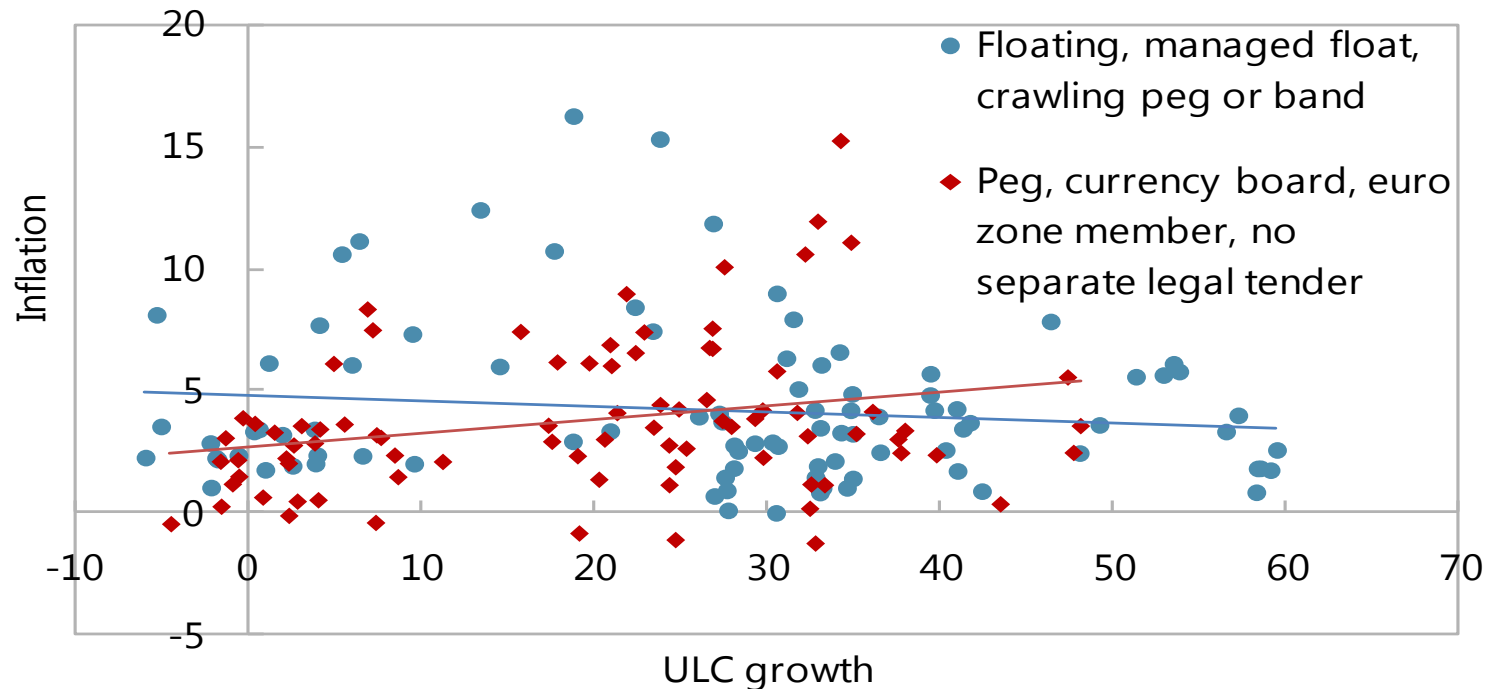
Note: Median, percent. Size of bubble is proportional to range across WBS economies—smaller bubbles indicate lower variance across the sample.

Exchange rate regimes do not seem to matter for inflation



ULC Growth and Inflation

(Percent)



Source: IMF, World Economic Outlook; national authorities; and IMF staff calculations.

Note: The sample contains Western Balkans economies and New Member States, 2003-13.

European Department

