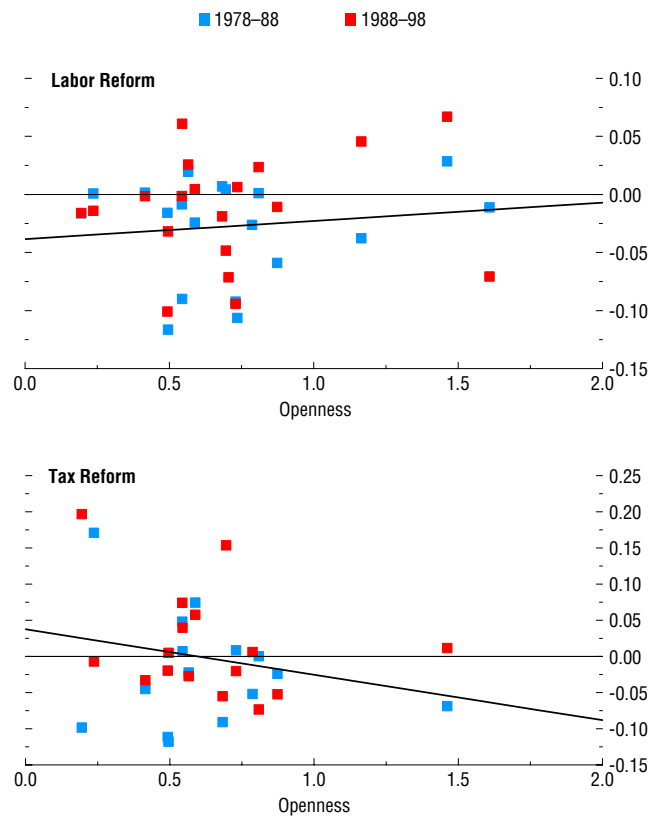


Figure 3.5. Openness to Trade and Reforms¹

(Changes in structural policy indicators on y-axis; x-axis as stated)

By increasing external competitive pressure, openness to trade contributes to more pro-competitive labor market reforms. In contrast, openness seems to discourage tax reforms.



Source: IMF staff calculations.

¹Trade openness is defined as the sum of imports and exports of goods and services in percent of GDP.