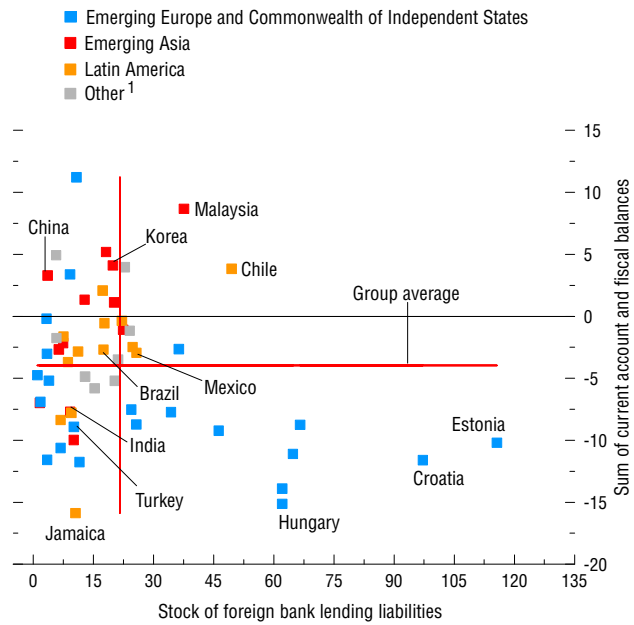


**Figure 4.16. Exposure to Bank Lending Liabilities and Twin Deficits in Emerging Economies, 2002–06**  
*(Percent of GDP)*

Emerging Europe appears currently most at risk of experiencing stress since these countries have high bank liabilities. These countries also have large fiscal and current account deficits, which limit their ability to soften the implications of financial stress on the real economy.



Sources: Bank for International Settlements; IMF, *Balance of Payments Statistics*; and IMF staff calculations.

<sup>1</sup> Includes Middle East and Africa.