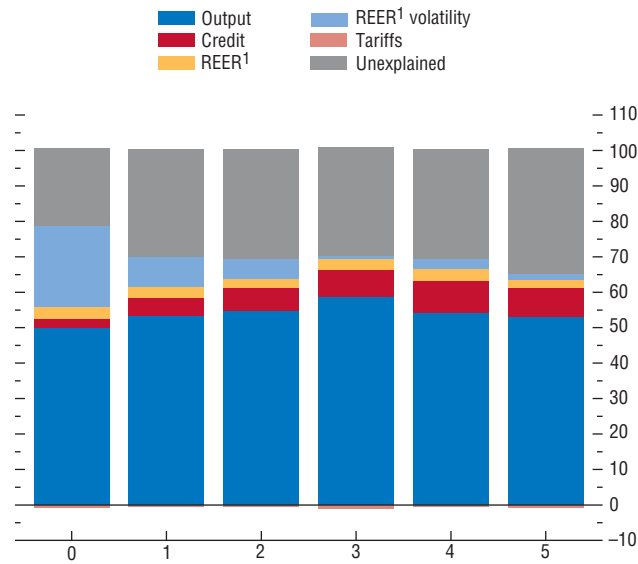## Figure 4.11. Decomposition of Import Losses
(Percent; years on x-axis; crisis begins at t = 0*)*

Output declines account for the biggest share of import losses in the aftermath of crises. However, the temporary rise in exchange rate volatility and persistent impairment of credit also contribute. Controlling for these potential explanations still leaves a portion of import losses unexplained, which may reflect composition effects.

Source: IMF staff calculations.

Note: Unconditional import losses (see Figure 4.4) are decomposed into changes attributable to the fall in output and credit, a rise in exchange rate volatility, depreciation, and changes in tariffs. The contribution of output is computed as the difference between the unconditional and conditional import losses (see Table 4.1). The contribution of the remaining factors is calculated as the product of the elasticity of imports with respect to each factor and the change in the factor following crises (depicted in Figure 4.10), as a percent of the unconditional change in imports after crises.

[1]REER = real effective exchange rate.