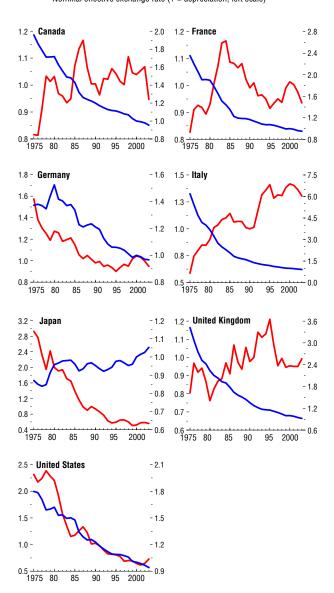
Figure 3.10. Degrees of Foreign Competition and Effective Exchange Rates in G-7 Countries

For the G-7 countries, foreign competition seems to have increased over time.

- Ratio of other G-7 members' export deflators (PPP-weighted) to country GDP deflator (right scale)
- Nominal effective exchange rate (+ = depreciation; left scale)



Sources: IMF, $\it International\ Financial\ Statistics; and\ IMF\ staff\ calculations.$