

# LOW-INCOME COUNTRIES IN TIMES OF SUBDUED COMMODITY PRICES



## Commodity exporters

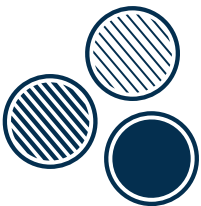
- *At least half* of their export revenue comes from commodities.
- Within this group, those that are primarily ***fuel exporters*** are struggling with the oil price drop.
- Those that are ***non-fuel commodity exporters***, however, fared slightly better, thanks in part to lower fuel prices.

		Fuel Exporters	Non-fuel Commodity Exporters
<b>Real GDP Growth</b>			
	2014	5.7%	5.3%
	2015	0.9%	4.6%
	2016	-1.6%	3.8%
<b>Fiscal Deficit (percent of GDP)</b>			
	2014	1.9%	2.3%
	2015	5.1%	2.8%
	2016	5.5%	3.5%
<b>Current Account Deficit (percent of GDP)</b>			
	2014	0.2%	5.6%
	2015	4.2%	5.8%
	2016	1.7%	5.2%

(Part 1 of 3)



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## Diversified exporters

- *Less than half* of their export revenue comes from commodities.
- Benefited from lower fuel prices.

		Diversified Exporters
Real GDP Growth		
	2014	6.4%
	2015	6.4%
	2016	6.1%
Fiscal Deficit (percent of GDP)		
	2014	3.8%
	2015	4.2%
	2016	4.6%
Current Account Deficit (percent of GDP)		
	2014	3.0%
	2015	4.2%
	2016	4.2%

(Part 2 of 3)



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## OUTLOOK

- Growth is expected to pick up modestly in 2017
- Inflation to remain moderate
- Fiscal and current account deficit to improve (commodity exporters) / remain unchanged (diversified exporters)
- Risk: weak economic and financial policies

## POLICY ADVICE



### FOR COMMODITY EXPORTERS

1. Broaden tax base
2. Protect vulnerable population
3. Maintain exchange rate flexibility



### FOR DIVERSIFIED EXPORTERS

1. Rebuild fiscal buffers
2. Implement sensible public investment
3. Tap & track foreign financing with care



### FOR ALL

1. Achieve greater economic diversification
2. Strengthen domestic tax systems
3. Prioritize structural reforms

(Part 3 of 3)

