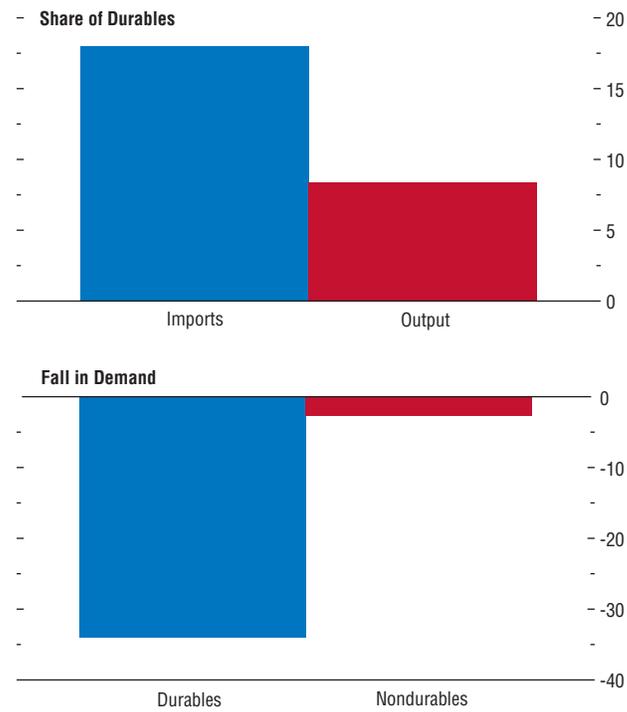


Figure 4.12. Import Losses and Composition Effects
(Percent)

Durables comprise a much larger share of trade than of output. In addition, demand for durables declines substantially more than demand for nondurables following crises. These two facts suggest that composition effects may play an important role in postcrisis import losses.



Source: IMF staff calculations.

Note: The average share of machinery and equipment in GDP and share of capital durables in imports in a sample of 48 countries is shown in the top panel. The estimated impulse response two years after a crisis is shown in the bottom panel. The estimated impulse response function is based on contemporaneous and lagged crises and country and time dummies.