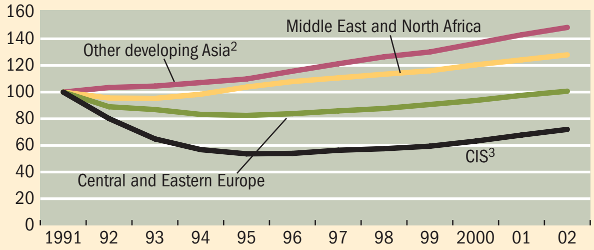
COUNTRY FOCUS

The Commonwealth of Independent States

A decade after starting their transition to market economies, the CIS countries[1] have achieved impressive economic growth but need to implement further structural reforms to strengthen the investment climate.

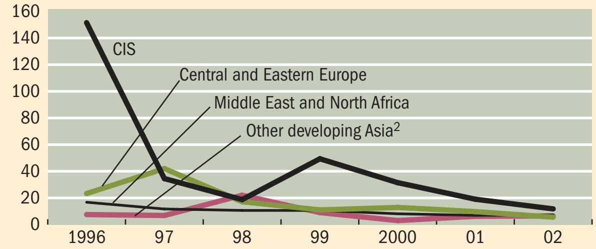
Economic growth has picked up, but real GDP levels have lagged behind other regions.

(1991 = 100)



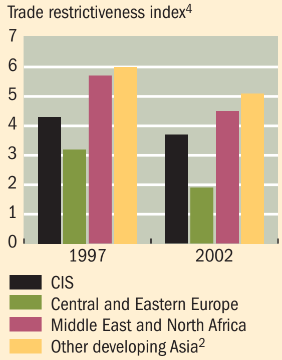
Cautious macroeconomic policies have led to a decline in consumer price inflation.

(average annual percent change)



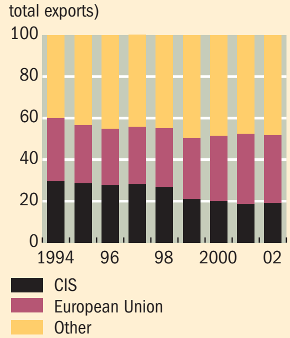
Most CIS countries have become more open, although some maintain high trade barriers.

Trade restrictiveness index[4]



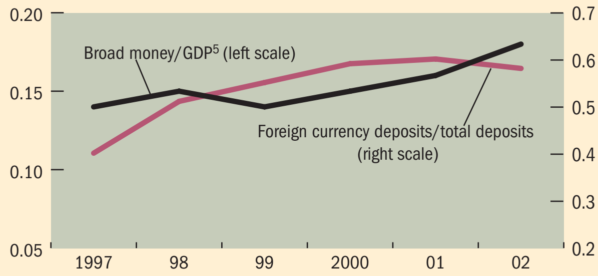
Trade, especially exports, has shifted to non-CIS destinations, such as the European Union.

Exports of CIS countries (percent of total exports)



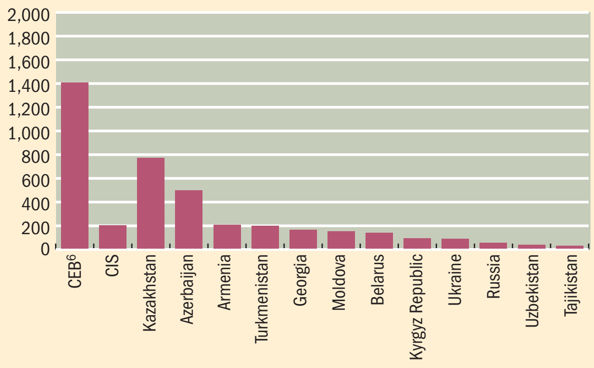
Financial intermediation has increased but remains low by international standards.

(ratios)[3]



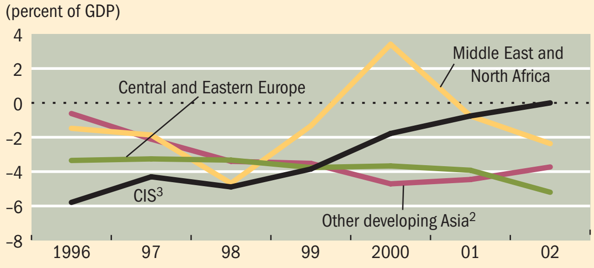
The investment climate remains weak, as reflected in the low levels of foreign direct investment.

Net foreign direct investment per capita (U.S. dollars)



Lower government budget deficits have helped stabilize the CIS economies.

(percent of GDP)



Sources: IMF, *Direction of Trade Statistics*, Former Soviet Union database, Trade Restrictiveness database, World Economic Outlook database, and staff estimates; European Bank for Reconstruction and Development, *2002 Transition Report*; and national authorities.

[1]CIS countries are Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, the Kyrgyz Republic, Moldova, the Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

[2]Excludes China and India.
[3]Excludes Turkmenistan.
[4]Scale is 1 to 10, with 10 being most restrictive.
[5]Includes foreign currency deposits.
[6]Central and Eastern Europe and the Baltics.