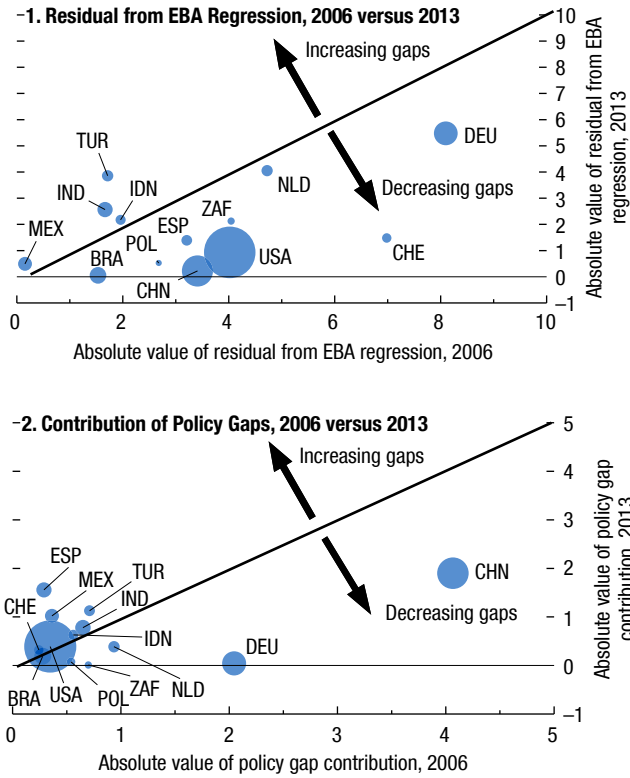


**Figure 4.11. Understanding Changes in Distortions Using External Balance Assessment Regressions, 2006 versus 2013**

Current account gaps fell between 2006 and 2013 for the largest and systemically most important economies. This suggests that underlying distortions and global risks also shrank. The contribution of policy gaps in most economies either narrowed or remained roughly unchanged, with the exception of a few emerging market economies. The latter implies that the current account gaps for these economies were larger than reported.



Source: IMF staff estimates.  
 Note: EBA = External Balance Assessment. Size of bubbles is proportional to the share of the economy in world GDP. Points below the 45-degree line indicate a smaller estimated residual in 2013 than in 2006; points above, a larger residual. Optimal policies are available only for 2013 and are assumed to be the same for 2006. Data labels in the figure use International Organization for Standardization country codes.