The empirical model can predict a sizable fraction of the difference in average real goods import growth between 1985–2007 or 2003–07 and 2012–15. The lion’s share of the slowdown in import growth can be attributed to the weakness in investment and external demand.

Source: IMF staff calculations.

Note: Bar A decomposes the difference in average real goods import growth between the two periods into portions predicted by consumption and relative prices, investment, exports, and an unpredicted residual. Bar B apportions the component predicted by exports into what can and cannot be predicted by domestic demand from trading partners, using an iterative procedure. Bar C decomposes the difference into the sum of domestic demand and external demand predicted by trading partners’ domestic demand.