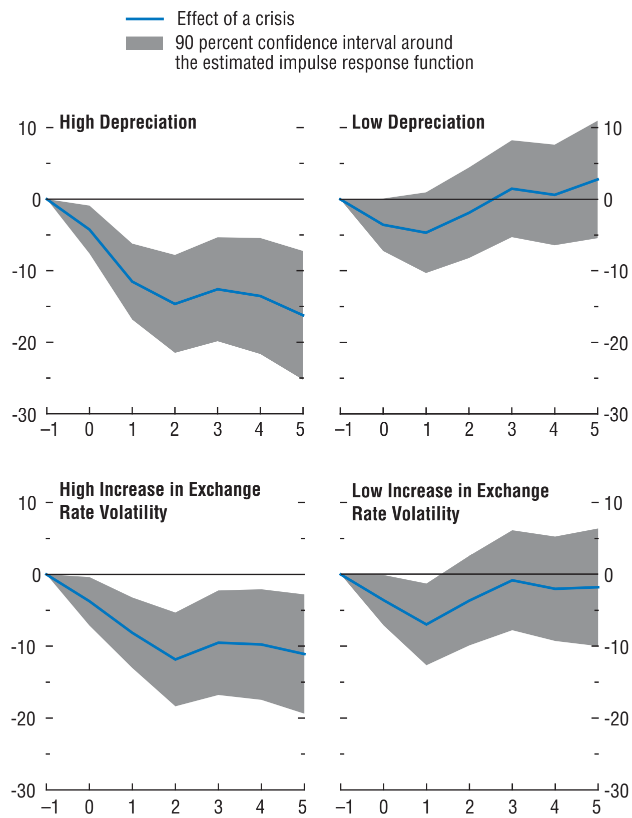
Figure 4.13. Postcrisis Characteristics and Import Losses, Controlling for Output

(Percent deviation from normal; years on the x-axis; crisis begins at t = 0)

The evolution of imports following crises is associated with postcrisis economic conditions and policies. Imports fare worse when a crisis is accompanied by a larger depreciation, greater exchange rate volatility, a sharper decline in credit, or a greater increase in protectionism.



Source: IMF staff calculations.

Note: Blue lines indicate the impulse response function – the effect of a crisis on imports relative to what would be predicted in the absence of a crisis. Predictions are based on a collapsed gravity model in changes, with contemporaneous and lagged crises, home and trade-weighted partner output, a trade-weighted partner crisis dummy, and country and time dummies. Crisis episodes are split into those during which depreciation, the change in real effective exchange rate volatility, and the change in credit to GDP between $t = 0$ and $t = 5$ are, respectively, above or below the crisis sample median. In the case of tariffs, the figure reports conditional imports after crises with a change in the trade liberalization index above and below the 75th percentile.