EUROPE and CENTRAL ASIA

GLOBAL ECONOMIC PROSPECTS | January 2014 | Chapter 2

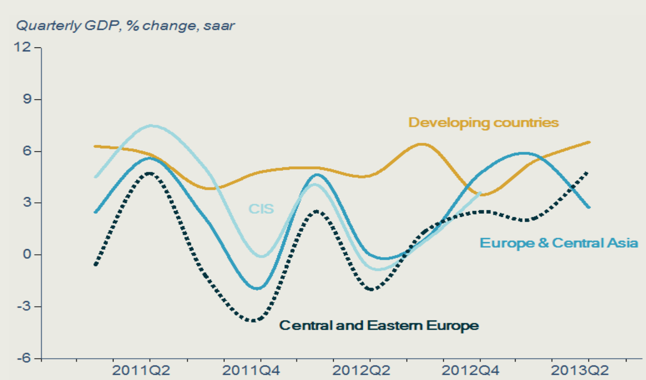
Regional growth strengthened in 2013 due to higher demand from Europe and strong growth in energy commodity-exporters. Non-energy commodity exporters suffered declines in metal and agricultural prices. Strong growth in high-income Europe will benefit most countries with strong trade ties. Prospects are weaker for those struggling with high fiscal and external deficits. A sharper slowdown in Russia and tighter global finance are key downside risks.

Recent developments

Economic activity strengthened in the Europe and Central Asia region[1] *in 2013 supported by strengthening external demand.* After subpar growth in 2012 (2.0 percent) economic activity in the region is estimated to have accelerated to 3.4 percent in 2013, albeit with divergent performances across countries (figure 2.6).[2] The pick-up was strongest in the Central and Eastern European subregion where output increased by 1.6 percent in 2013 (up from -0.1 percent in 2012), supported by strengthening demand in the Euro Area. In Turkey, the largest economy in the region, buoyant domestic demand underpinned acceleration in growth to 4.3 percent in 2013 from 2.2 percent in 2012. Growth in the remainder of the region was broadly stable at an estimated 3.5 percent in 2013 (3.4 percent in 2012), notwithstanding an estimated -1.1 percent contraction in Ukraine.

A moderate pick-up in external demand boosted regional economic activity. The return to growth in the Euro Area in the second quarter of 2013 supported real-side activity in the

Figure 2.6 Growth is picking up in Europe and Central Asia

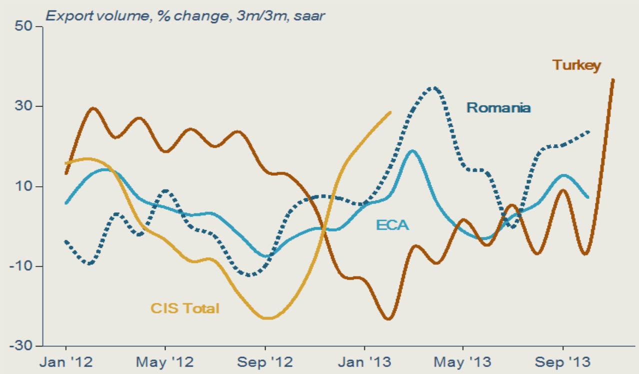


Source: Datastream and the World Bank

1. For the purposes of this report, the Europe and Central Asia region concerns only the low- and middle-income countries of the geographic region. As such it excludes from the aggregate Russia.

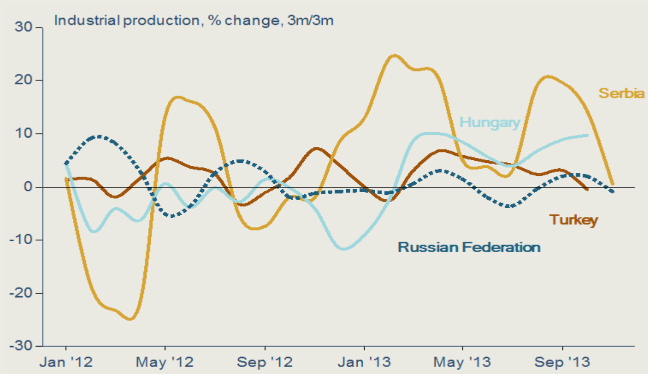
2. Regional aggregates are computed for low and middle-income countries in the region and do not include any of the region's high-income countries.

Figure 2.7 **Exports are recovering led by Central and Eastern European countries**



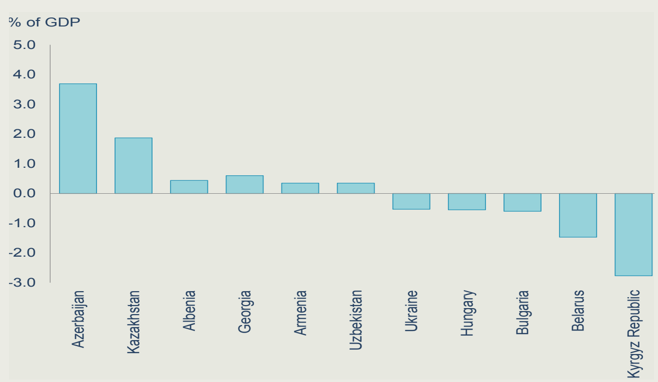
Source: World Bank.

Figure 2.8 **Performance of industrial production varies across countries**



Source: Datastream and the World Bank.

Figure 2.9 **Estimated impact of commodity price changes on trade balance**



Source: World Bank.

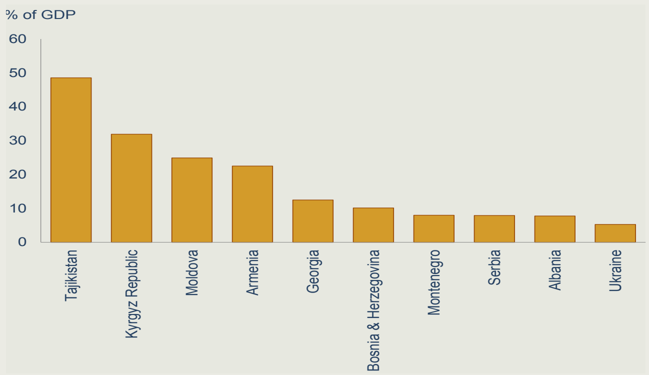
region, particularly in the Central and Eastern European countries through strong trade links.[3] Exports in the subregion grew by 8.6 percent during the first nine months of 2013 compared with the same period in 2012 reflecting particularly strong growth in the third quarter (16.2 percent annualized) (figure 2.7). In contrast Turkish exports were some 0.6 percent lower than a year before during the first nine months of 2013, reflecting weak global growth during the first half of the year and tighter sanctions on Iran (which cut sharply into gold exports). Stronger global growth in Q3 and the 13.0 percent depreciation of the lira since May has contributed to an annualized 8.8 percent increase in Turkey's Q3 exports, with new foreign orders rising at their fastest pace in 22 months, according to November business sentiment indicators. Recent monthly data for the Commonwealth of Independent States is not available, but given their strong trade links with Russia and falling Russian merchandise imports (-24.1 and -4.5 percent in Q2 and Q3, saar), noncommodity exports of these countries are likely to have been weak during this period. In contrast, oil production and exports in Kazakhstan and Azerbaijan have shown continued strength, supporting their above-regional-average GDP growth rates.

Regional industrial production strengthened, but performance differed across economies. For the region as an aggregate, industrial production accelerated to 2.3 percent growth during the first nine months of 2013 compared with a 0.7 percent in 2012. In the Central and Eastern European subregion industrial production accelerated to an annualized pace of 6.4 percent in 2013Q3 on stronger exports (figure 2.8). In Turkey, industrial activity has grown at a 3.1 percent year-to-date, reflecting strong domestic demand bolstered by accommodative monetary policies, particularly in the first half of the year.

Performance among the Commonwealth of Independent States has been mixed. Among energy-exporting countries (Azerbaijan, Kazakhstan, and Uzbekistan), activity has remained strong, reflecting relative strength in energy-related commodity prices, expansion of production in extractive sectors, and robust growth in domestic demand supported by government spending and, so far, stable remittance inflows (see below). In contrast, political disturbances have dampened economic activity and domestic demand in Ukraine, where industrial production contracted at a 2.9 percent annualized pace in the three months ending October—a 15th consecutive month of contraction. Among metal- and mineral-exporting countries in the subregion,

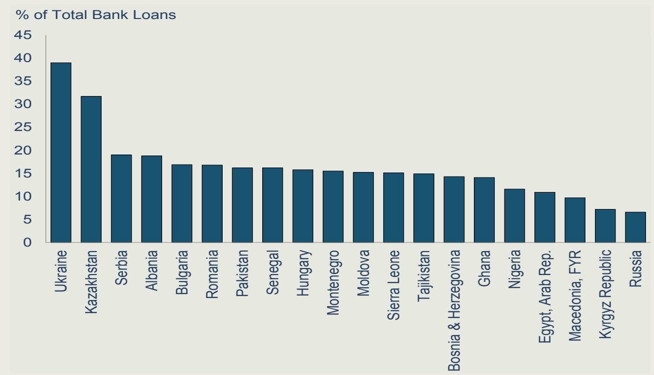
3. Central and Eastern European countries refer to Albania, Bosnia and Herzegovina, Bulgaria, Hungary, Kosovo, Macedonia, Montenegro, Romania, Serbia, and Turkey.

Figure 2.10 **Remittances by country**



Source: World Bank.

Figure 2.11 **Non Performing Loans remain elevated in the region**



Source: World Bank.

a 30 percent decline in metals and mineral prices since 2011 has cut into incomes and activity. Agricultural food prices are down 15 percent and raw materials have declined by 29 percent (energy prices are down by 9 percent). Belarus, Kyrgyz Republic, and Ukraine experienced the most negative terms of trade impacts, with lower export prices and higher energy import prices estimated to have reduced incomes by some 1.5, 2.7, and 0.6 percent of GDP, respectively (figure 2.9).

Strong remittance inflows partially mitigated the negative impact of deteriorating terms of trade. Because of strengthening activity in the Euro Area as well as resilient flows from Russia (despite its growth deceleration in the second half of 2013) remittances to the region rebounded by an estimated 11 percent in 2013, helping to support household consumption. The rebound was strongest in Tajikistan, with an estimated 23 percent increase in 2013. Remittances are particularly important to the economies of Tajikistan where they represent 48 percent of GDP, Kyrgyz Republic (31 percent of GDP), and Moldova (24.1 percent of GDP) (figure 2.10).

Capital inflows to the region began strong, but declined with speculation about the timing of an end to U.S. quantitative easing. Overall, net capital inflows to the region are estimated to have slightly decreased by $1.9 billion, or –1.6 percent, year-on-year in 2013, mainly because strong flows during the first five months of the year were offset by midyear weakness and ensuing volatility since then (table 2.4). The higher interest rates on U.S. government debt that accompanied speculation on the timing of an end of quantitative easing sparked an adjustment in global portfolios away from developing countries. As a result, average monthly capital flows to developing Europe and Central Asia fell by 60 percent between June and October as compared with the first five months of the year. Within the region, Turkey felt the most immediate impacts. The country's large current account deficits funded by relatively large share of short-term loans and volatile portfolio flows were seen as being particularly vulnerable to outflows and a rise in global interest rates. Hungary, Serbia, and Ukraine were also hard-hit by the sudden reversal in capital flows. Other countries, including Georgia and Kazakhstan, where the stock of private external debt is particularly high, also came under considerable pressure, resulting in increases in long-term interest rates. The weakness in capital inflows caused the region's currencies to depreciate by 3.7 percent on average (in nominal effective terms). Stock markets depreciated by 10.5 percent in June and by 4.3 percent between June and September, while efforts to resist depreciation in some countries (Hungary, Romania, Turkey) was reflected in a significant decline in reserves when expressed as a percent of monthly imports. Since August, capital inflows to the region have rebounded and local currencies appreciated, reserves and equity prices have partially recovered earlier losses, and bond yields have declined but remain elevated compared to pre-May levels. This episode, which led to the tightening of financing conditions, is a stark reminder of the vulnerabilities of economies in the region (see risk section).

Across the region, the banking sector remains weak, saddled with an overhang of non-performing loans. Fourteen of the 20 developing countries with the highest share of non-performing loans (NPLs) are in Europe and Central Asia (led by Kazakhstan, Serbia, Albania, Bulgaria, and Romania) (figure 2.11). In Central and Eastern European countries, high NPLs partly reflect the deep recession and the

Table 2.4 Net capital flows to Europe and Central Asia ($ billions)

	2008	2009	2010	2011	2012	2013 e	2014 f	2015 f	2016 f
Capital Inflows	324.9	101.3	85.3	137.3	121.2	119.3	116.6	133.1	149.9
Private inflows, net	300.3	52.3	57.3	130.4	128.1	114.2	111.6	124.1	137.9
Equity Inflows, net	165.5	54.8	27.6	75.1	72.4	55.4	54.1	59.3	65.1
Net FDI inflows	166	51.1	23.8	75.8	64.4	55	51	55	60
Net portfolio equity inflows	-0.4	3.7	3.7	-0.7	8	0.4	3.1	4.3	5.1
Private creditors. Net	134.8	-2.5	29.7	55.3	55.7	58.8	57.5	64.8	72.8
Bonds	-3.2	-6.8	7.1	8.2	38.7	29.7	22.7	20.6	19.7
Banks	133.2	14.4	-19	33.1	8.1	15.3	14.7	18.6	22.5
Other private	-0.9	-0.2	0.1	-0.1	-0.1	0.7	0.6	1.1	0.2
Short-term debt flows	5.7	-9.9	41.6	14.1	9	13.1	19.5	24.5	30.4
Official inflows, net	24.6	49	28	6.9	-6.9	5.1	5	9	12
World Bank	1.2	3.4	3.9	2.9	2	3.1	..	..	..
IMF	12.8	25.5	9	-1	-13	-4	..	..	..
Other official	10.6	20.2	15.1	5.1	4	6	..	..	..

Notes: e = estimate, f = forecast
Source: World Bank

tepid economic recovery. Slow growth has delayed the recovery in asset prices, discouraging banks from actively writing-off loans and disposals. High NPLs in turn have weakened credit creation by the banks hampering potentially productive investments. In the Commonwealth of Independent States sub region, the profitability of banks has generally recovered since the crisis, but the conditions underlying the vulnerabilities in the banking sector remain, including widespread use of state-directed credit and subsidized lending to priority sectors including the state-owned enterprises in commodity sectors.

Outlook

After expanding by an estimated 3.4 percent in 2013, GDP growth for the region is projected to steadily rise from 3.5 percent in 2014 to 3.8 percent by 2016. This pick-up in activity, though generally broadly-based, will be most marked in the Central and Eastern European economies, where there is currently the most spare capacity (table 2.5 and 2.6).

GDP growth in the Central and Eastern European subregion is expected to reach 2.6 percent by 2016, up from an estimated 1.5 percent in 2013, supported by strengthening economic activity in the Euro Area. Despite stronger growth, domestic demand, is expected to remain sluggish as a result of ongoing banking-sector restructuring and tighter international financial conditions, which will weigh on investment and consumer durable demand. Ongoing or planned fiscal consolidation in some countries (such as Albania, the Former Yugoslav Republic of Macedonia, and Serbia) will also partly offset the growth impetus from stronger exports. While conditions are projected to improve, growth will not be strong enough to make a substantial dent in regional unemployment and spare capacity over the forecast horizon.

Growth in the Commonwealth of Independent States is projected to pick up from an estimated 3.5 percent in 2013 to 4.1 percent in 2016. Among resource rich Commonwealth of Independent States, this pickup will be supported by the expected coming on stream of new export capacity following years of investment in the energy sectors. The strengthening of the global economy should be supportive of increased energy demand, although technological developments will continue to weigh on medium- to long-term prices. Oil prices are projected to remain stable in nominal terms through 2014 ($105.70 a barrel) before declining marginally in 2015 and 2016. Among non-energy-producing Commonwealth of Independent States, a strengthening outlook will be supported by a pickup in remittances and exports as the global economy strengthens.

Table 2.5 **Europe and Central Asia forecast summary***
(annual percent change unless indicated otherwise)

	00-09[a]	2010	2011	2012	2013 e	2014 f	2015 f	2016 f
GDP at market prices[b]	3.9	5.9	6.3	2.0	3.4	3.5	3.7	3.8
	(Sub-region totals -- countries with full NIA + BOP data)[c]							
GDP at market prices[c]	3.9	6.1	6.3	2.0	3.4	3.5	3.6	3.8
GDP per capita (units in US$)	3.5	5.3	5.5	1.2	2.7	2.8	2.9	3.1
PPP GDP	3.9	5.8	6.1	1.9	3.2	3.4	3.5	3.6
Private consumption	4.3	4.5	7.0	2.2	3.7	3.9	3.9	4.0
Public consumption	3.7	-0.7	2.9	4.1	2.5	2.3	2.8	2.8
Fixed investment	5.0	12.7	9.5	-0.7	4.3	5.1	5.2	4.8
Exports, GNFS[d]	5.1	8.5	8.6	4.6	2.6	4.2	4.8	5.2
Imports, GNFS[d]	5.4	12.5	11.1	1.3	4.9	4.9	5.8	5.7
Net exports, contribution to growth	-0.2	-1.7	-1.3	1.2	-1.1	-0.5	-0.6	-0.4
Current account bal/GDP (%)	-3.7	-3.3	-4.3	-3.5	-4.0	-4.0	-4.0	-3.9
GDP deflator (median, LCU)	9.3	8.5	8.7	3.4	4.3	4.3	4.6	4.3
Fiscal balance/GDP (%)	-4.4	-2.2	0.7	-1.1	-1.0	-1.0	-0.7	-0.7
Memo items: GDP								
ECA including high income countries	3.9	4.7	4.9	2.3	2.0	2.8	3.2	3.5
Transition countries[e]	4.8	3.4	4.2	1.7	2.7	3.5	3.4	3.5
Central and Eastern Europe[f]	3.1	0.3	2.0	-0.1	1.5	2.1	2.2	2.6
Commonwealth of Independent States[g]	6.5	6.1	6.0	3.4	3.5	4.5	4.3	4.1
Kazakhstan	7.5	7.3	7.5	5.0	6.0	5.8	5.9	5.9
Turkey	3.0	9.2	8.8	2.2	4.3	3.5	3.9	4.2
Romania	3.8	-0.9	2.3	0.7	2.5	2.5	2.7	2.7

Source: World Bank
Notes: e = estimate, f = forecast
* Unless otherwise indicated, regional aggregates are computed for low and middle-income countries in the region and do not include any of the region's high-income countries.
a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.
b. GDP at market prices and expenditure components are measured in constant 2010 U.S. dollars.
c. Sub-region aggregate excludes Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, Tajikistan and Turkmenistan. Data limitations prevent the forecasting of GDP components or Balance of Payments details for these countries.
d. Exports and imports of goods and non-factor services (GNFS).
e. Transition countries: CEE and CIS (f + g below).
f. Central and Eastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Georgia, Kosovo, Lithuania, Macedonia, FYR, Montenegro, Romania, Serbia.
g. Commonwealth of Independent States: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Subregion remittances are projected to increase by 10.3 percent in 2014, benefiting from an economic recovery in the Euro Area and strengthening growth in Russia (from 1.3 percent in 2013 to 2.7 percent in 2014–16), the destination for a large number of migrants from Central Asian economies. On the downside, weaker metal and agricultural prices are likely to weigh on export revenues and government spending.

Growth in Turkey, the region's largest economy, is expected to stabilize around its potential growth rate of about 3.9 percent over the 2014–16 period—well below its pre-crisis rate of 6.8 percent (2002–07 average). As a significant beneficiary of international capital flows in recent years, Turkey will be affected by the tighter global financial markets. Gross capital flows to the region are expected to decline by 0.3 percent of regional GDP to about 6.3 percent of GDP by 2016 as global asset portfolios are rebalanced (see the extensive discussion in chapter 3). While tighter financial conditions should temper growth in Turkey, these effects are expected to be partially offset by relatively strong private consumption and investment and higher government consumption in the run-up to elections in 2014.

Risks

While the baseline forecast remains the most likely outcome, the outlook is subject to downside risks. Although the main tail-risks of the past five years have subsided, the underlying challenges that underpinned them—though less acute—remain. In the Euro Area, much has been achieved and banks have gone a long way to restructuring themselves, but the recovery will take time and considerable effort. Protracted recession in the Euro Area is therefore a downside risk to the outlook especially for countries with stronger trade and financial links with the area (in particular, Central and Eastern European economies). In addition, slower-than-projected growth in China, perhaps provoked by a quicker-than-anticipated decline in investment, could slow global growth by as much as 0.3 percent but with more marked effects on regional industrial commodity producers (such as Belarus and Ukraine). A sharper-than-expected slowdown in Russia would be a key downside risk for many Commonwealth of Independent States, especially those that are heavily dependent on Russia for import demand, remittance flows, and foreign investment (such as Armenia, Kyrgyz Republic, Moldova, Tajikistan, and Uzbekistan).

Further tightening of global finance conditions is a downside risk to the outlook especially for countries with high refinancing needs. Over the medium term, the gradual return of long-term interest rates to more sustainable levels in both high-income and developing countries should help reduce the excesses and vulnerabilities that can accumulate in a persistently low interest rate environment. In the near term, however, the transition to higher global interest rates could be volatile. Should market reactions to the withdrawal of extraordinary monetary measures in high-income countries be less orderly than assumed in the baseline, simulations based on econometric work discussed in more detail in chapter 3 suggest that capital flows to developing countries could decline by 80 percent or more for several months—potentially sparking local crises in countries with large external imbalances and those that have experienced large credit expansions in recent years (such as Albania, Bosnia and Herzegovina, Kyrgyz Republic, Montenegro, Serbia, and Turkey).

High levels of external private sector debt are a challenge in the region. Particularly high debt levels in some countries in the region (such as Bulgaria, Kazakhstan, and Moldova) increase their susceptibility to changes in external financing conditions and currency mismatch. In addition, banks in many countries remain weak because of high levels of NPLs left over from the previous crisis. Ukraine is the most vulnerable because of a de facto peg against the U.S. dollar, which has come under pressure over the past year due to a severe recession in Ukraine. Risks in Turkey reflect rising leverage in the corporate sector with large amounts of foreign exchange liabilities (intermediated through the banking sector), relatively low reserve coverage of short-term external debt (compared with other major middle-income economies), and a reliance on short-term capital flows to cover its current account deficits.

On the upside, stronger growth than envisaged in the baseline could provide additional boost to the regional economies. A stronger-than-anticipated recovery in high-income economies could provide considerable support to external demand, notably in Central and East European developing countries, helping offset downward adjustments in domestic demand triggered by rising global interest rates. Declining global food prices should also reduce inflation pressures and food import costs, although they are a negative development for food exporters.

Table 2.6 Europe and Central Asia country forecasts*

	00-09[a]	2010	2011	2012	2013 e	2014 f	2015 f	2016 f
Albania								
GDP at market prices (% annual growth)[b]	4.9	3.8	3.1	1.6	1.3	2.1	3.0	3.0
Current account bal/GDP (%)	-8.6	-11.5	-13.0	-10.8	-8.2	-7.1	-6.3	-6.7
Armenia								
GDP at market prices (% annual growth)[b]	7.7	2.2	4.7	7.2	3.2	5.0	5.0	5.0
Current account bal/GDP (%)	-7.4	-14.8	-11.0	-11.2	-10.6	-10.0	-9.2	-8.0
Azerbaijan								
GDP at market prices (% annual growth)[b]	14.1	5.0	0.1	2.2	4.9	5.3	4.5	3.9
Current account bal/GDP (%)	2.9	29.3	25.4	21.2	17.7	15.9	14.3	12.5
Belarus								
GDP at market prices (% annual growth)[b]	6.6	7.7	5.5	1.5	1.0	1.5	2.0	2.5
Current account bal/GDP (%)	-4.6	-15.0	-8.6	-2.7	-8.9	-8.1	-9.2	-7.9
Bosnia and Herzegovina								
GDP at market prices (% annual growth)[b]	4.0	0.7	1.3	-1.1	0.8	2.0	3.5	3.5
Current account bal/GDP (%)	-13.3	-5.6	-8.8	-9.6	-7.5	-6.6	-6.3	-6.1
Bulgaria								
GDP at market prices (% annual growth)[b]	4.0	0.4	1.8	0.8	0.6	1.7	1.8	2.0
Current account bal/GDP (%)	-11.3	-1.5	0.3	-1.3	2.1	-0.5	-0.9	-1.0
Georgia								
GDP at market prices (% annual growth)[b]	5.6	6.3	7.0	6.0	2.5	6.3	6.3	6.5
Current account bal/GDP (%)	-12.6	-10.2	-12.7	-11.7	-7.5	-7.1	-7.0	-6.3
Hungary								
GDP at market prices (% annual growth)[b]	1.8	1.3	1.6	-1.7	0.7	1.7	1.5	2.7
Current account bal/GDP (%)	-6.8	1.1	0.9	1.6	2.3	2.2	2.1	3.2
Kazakhstan								
GDP at market prices (% annual growth)[b]	7.5	7.3	7.5	5.0	6.0	5.8	5.9	5.9
Current account bal/GDP (%)	-2.0	0.9	5.4	0.3	-0.3	-1.3	-1.7	-1.8
Kosovo								
GDP at market prices (% annual growth) [b]	5.8	3.9	5.0	2.7	3.0	4.0	4.2	4.2
Current account bal/GDP (%)	-7.3	-12.0	-13.8	-7.6	-10.7	-8.7	-8.3	-8.6
Kyrgyz Republic								
GDP at market prices (% annual growth)[b]	4.2	-0.5	6.0	-0.9	7.8	6.5	5.4	5.3
Current account bal/GDP (%)	-6.0	-6.4	-6.0	-15.3	-10.4	-11.7	-11.0	-10.9
Moldova								
GDP at market prices (% annual growth)[b]	4.4	7.1	6.4	-0.7	5.5	3.8	4.0	4.0
Current account bal/GDP (%)	-8.4	-7.7	-11.3	-7.0	-6.1	-8.7	-9.6	-8.0
Macedonia, FYR								
GDP at market prices (% annual growth)[b]	2.3	2.9	2.8	-0.4	2.5	3.0	3.5	3.7
Current account bal/GDP (%)	-6.1	-2.1	-2.5	-3.1	-3.2	-4.5	-5.7	-6.1
Montenegro								
GDP at market prices (2005 US$)[b]	-	2.5	3.2	-2.5	1.8	2.5	2.7	2.9
Current account bal/GDP (%)	-11.4	-22.9	-17.7	-18.7	-14.7	-15.3	-15.1	-14.8
Romania								
GDP at market prices (% annual growth)[b]	3.8	-0.9	2.3	0.7	2.5	2.5	2.7	2.7
Current account bal/GDP (%)	-7.5	-4.6	-4.8	-3.8	-1.5	-1.8	-2.5	-2.7

Table 2.6 Europe and Central Asia country forecasts*

	00-09[a]	2010	2011	2012	2013 e	2014 f	2015 f	2016 f
Serbia								
GDP at market prices (% annual growth)[b]	3.6	1.0	1.6	-1.7	2.0	1.0	2.2	2.5
Current account bal/GDP (%)	-9.7	-6.7	-9.2	-10.5	-6.0	-6.0	6.3	6.5
Tajikistan								
GDP at market prices (% annual growth)[b]	7.7	6.5	7.4	7.5	7.0	6.0	6.0	6.0
Current account bal/GDP (%)	-4.8	-1.2	-4.7	-1.9	-2.2	-2.4	-2.5	-2.5
Turkey								
GDP at market prices (% annual growth)[b]	3.0	9.2	8.8	2.2	4.3	3.5	3.9	4.2
Current account bal/GDP (%)	-3.2	-6.2	-9.7	-6.1	-7.4	-7.1	-6.8	-6.5
Turkmenistan								
GDP at market prices (% annual growth)[b]	12.6	9.2	14.7	11.1	10.1	10.7	10.5	10.1
Current account bal/GDP (%)	7.4	-10.6	2.0	0.0	-3.4	-1.7	-1.5	-1.5
Ukraine								
GDP at market prices (% annual growth)[b]	3.9	4.2	5.2	0.2	-1.1	2.0	1.0	0.7
Current account bal/GDP (%)	2.2	-2.2	-5.5	-8.4	-8.1	-5.7	-5.6	-5.5
Uzbekistan								
GDP at market prices (% annual growth)[b]	6.1	8.5	8.3	8.2	7.4	7.0	6.7	6.7
Current account bal/GDP (%)	5.2	6.2	5.8	2.7	3.2	3.6	2.3	1.2

Source: World Bank
Notes: e = estimate, f = forecast
World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.
Bosnia and Herzegovina, Turkmenistan are not forecast owing to data limitations.
* Published forecasts are for only low and middle-income countries in the region, hence no high-income countries are included.
a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.
b. GDP measured in constant 2010 U.S. dollars.