

Current Account Fragilities in the Balkan Countries

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Abstract

The basic aim of this paper is to make an evaluation of the current account deficits in the Balkan countries. Particularly, sustainability of these deficits is explored for some countries on the basis of a criterion that makes use of variables including foreign debt ratio, growth rate, exchange rate, foreign interest rate and foreign trade balance ratio. Countries with significant current account deficit/GDP ratios include, in descending order, Albania, Bosnia Herzegovina, Turkey, Serbia and Macedonia. Sources of financing of the current account deficits, real exchange rates and inflation are other variables that are considered in the evaluations.

The author has requested the full paper not to be published in the conference proceedings.