



XVIII Meeting of the Latin American Network of Central Banks and Finance Ministries

April 9 and 10, 2003

1300 New York Avenue N.W., Washington, D.C.
Cecilio Morales Room (12th Floor)

Agenda

Wednesday, April 9, 2003

10:00 – 10:30 a.m. **Registration** – Main Lobby, 1300 New York Ave., NW

10:30 – 10:45 a.m. **Opening:** Guillermo Calvo, Inter-American Development Bank

SESSION I

10:45 a.m. – 12:45 p.m. **Global Outlook**

What are the prospects for global conditions, such as world growth, evolution of terms of trade, capital flows and world interest rates? What are the prospects for bond markets in emerging economies? What are the prospects for Latin American economic performance? What is the political outlook for Latin America?

Chair: Guillermo Perry, The World Bank
Speakers: Carmen Reinhart, International Monetary Fund
Ernesto Talvi, CERES
Michael Gavin, UBS Warburg
Moises Naím, Foreign Policy Magazine

12:45 – 1:00 p.m. **Photograph of the group** - Atrium (1st floor)

1:00 – 2:45 p.m. **Luncheon:**
(Las Americas, West Side, 7th Floor, by invitation only)
Keynote Speaker:
Jagdish Bhagwati, Columbia University

SESSION II

2:45 – 4:15 p.m. **Recent Proposals for Bond Markets in Emerging Economies**

What types of financial instruments can be designed to hedge and insure against volatility in emerging markets? Is there a role for indexed bonds? Should bonds be indexed to GDP or to non-tradable goods prices? Should they be indexed to commodity prices or other foreign measures? What type of contracts is easier to verify, and what institutions should verify this process? How would these

instruments improve fiscal solvency under crisis? What is the role of the IFIs in the development of these markets? Does the current structure of bond emissions affect the price of capital for Latin American countries? Is there a case for aggregation?

Chair: Guillermo Calvo, Inter-American Development Bank
Speakers: Ricardo Caballero, MIT
 Eduardo Borensztein, International Monetary Fund
 Ashok Mody, International Monetary Fund

4:15 p.m. - 4:30 p.m. Coffee Break

SESSION III

4:30 p.m. - 6:30 p.m. **Bond Markets in Latin America: Policy and Market Views**

In view of the markets and of policy makers, how feasible are the recent proposals on bond markets developments? Is there a chance for resurgence of bond financing to Latin America? Is indexation to a specific unit or price as discussed in the previous section a mechanisms that would promote the revival and deepening of bond markets in the region? Are the GDP cycles or terms of trade shocks faced by different countries independent enough so that investors can diversify and have incentives to hold debt of various countries? Can these new proposals be incorporated in debt restructuring operations?

Chair: Guillermo Calvo, Inter-American Development Bank

Policy Makers Views:
Speakers: Pablo Guidotti, Universidad Torcuato Di Tella, Argentina
 José de Gregorio, Banco Central de Chile
 Alfonso Prat-Gay, Banco Central, Argentina
 Alejandro Werner, Secretaría de Hacienda y Crédito Público, México

Market Views:
Speakers: Paul Denoon, Alliance Capital Management
 Arturo Porzecanski, ABN AMRO Inc.

Thursday, April 10, 2003

SESSION IV

9:00 – 11:00 a.m. **Sudden Stops and Economic Performance
 Research and Policy Lessons**

Latin American countries witnessed a sudden stop in capital flows after the Russian crisis in 1998. In many countries this has led to strong contractions of output. Can sudden stops be avoided? Can their impact be mitigated? Can temporary shocks have effects on output and unemployment in the presence of sudden stops? What have policy makers done in order to deal with capital flows volatility? How can dollarized economies deal with volatility? Is de-dollarization a must? If so, how can countries de-dollarize? What reforms are needed in terms of prudential regulation and supervision?

Chair: Enrique Mendoza, University of Maryland
Speakers: Alejandro Izquierdo, Inter-American Development Bank
 Fabrizio Coricelli, University of Siena, Italy
 Eduardo Levy-Yeyati, Universidad Torcuato Di Tella, Argentina
 Liliana Rojas-Suarez, Inter-American Development Bank

11:00 - 11:15 Coffee Break

SESSION V**11:15 – 1:00 p.m.****What Does Latin America Need to Grow?
New Policies for Growth**

What types of policies do Latin American countries need to promote growth? Is FDI necessary for growth? How can countries attract FDI? Is there a future for export processing zones? Is it necessary to revive industrial policies to regain growth in the region? Do innovation policies fare better than industrial policies? What is the role of deeper financial markets? Besides policies that promote macroeconomic stability, what specific policies are needed to promote financial sector development?

Chair: Lizardo Arturo Sosa López, Banco de Guatemala
Speakers: William Armstrong, Inter-American Development Bank
 William Maloney, World Bank
 Andrés Rodríguez-Clare, Inter-American Development Bank

1:00 – 2:30 p.m.**Working Lunch**
Agenda ideas for next meeting

SESSION VI**2:45 – 4:30 p.m.****Labor Markets in Latin America:
What is Wrong?**

On average Latin America exhibited positive growth rates during the 1990s. However unemployment rose significantly throughout the region. What explains this paradox? Has inflation reduced labor market flexibility? Have minimum wage policies been harmful? Are the problems in labor markets associated with lack of finance or financing constraints? Why have reforms been unsuccessful to tackle unemployment? What reforms are needed in order to reduce unemployment?

Chair: José Viñals, Banco de España
Speakers: Carmen Pagés, Inter-American Development Bank
 Martín Rama, The World Bank
 Rodrigo Valdés, Central Bank, Chile
