



## XXIV MEETING OF THE LATIN AMERICAN NETWORK OF CENTRAL BANKS AND FINANCE MINISTRIES

October 19<sup>th</sup> and 20<sup>th</sup>, 2006  
CR-2, Enrique V. Iglesias Conference Center  
1330 New York Avenue, NW, Washington, DC

### Agenda

#### THURSDAY, OCTOBER 19TH

9.30 – 10.30 am Opening by Luis Alberto Moreno, President, Inter-American Development Bank (IDB)

#### SETTING THE STAGE

*Moderator:* Guillermo Calvo, Chief Economist, IDB

*Is the Landing Going to Be Soft? What Are the Risks?*

Vincent Reinhart, Director, Federal Reserve Board

*Risks for Latin America Given Main Scenarios for the World Economy*

Ernesto Talvi, Executive Director, CERES, Uruguay

*Discussant:* Desmond Lachman, Resident Fellow, American Enterprise Institute

10.30 – 10.45 am **COFFEE BREAK**

10.45 – 11.30 am **SPECIAL PRESENTATION: COMMODITY MARKETS**

Commodity prices are at high levels with unprecedented volatility. Previous commodity price booms have tended to end abruptly and when the bust comes, prices may fall below previous equilibrium levels, is this boom different? What are the lessons that can be learned from previous boom periods and what does this mean for the region?

*Moderator:* Eugenio Díaz-Bonilla, Executive Director, IDB

*Presenter:* Christopher Gilbert, Professor, University of Trento, Italy

11.30 am – 12:45 pm **DEFINING THE STRUCTURAL DEFICIT AND FISCAL RULES THROUGH THE CYCLE**

The current macroeconomic environment has been a mixture of booming commodity prices and ample global liquidity. Combined with successful domestic policies, Latin America has seen strong growth, coupled with trade surpluses and strong fiscal positions. Are fiscal positions a result of growth or has there been a structural change? How should the structural fiscal deficit be measured? What rules should countries follow to ensure fiscal sustainability through the cycle?

*Moderador:* Agustín García-López, Executive Director, IDB

*Presenter:* Paolo Manasse, Professor, University of Bologna

*Discussants:*

Marco Oviedo Cruz, Director, Economic Planning, Finance Ministry, Mexico

Gerardo Licandro, Head of Economic Research, Central Bank, Uruguay

1.00 – 2.30 pm

**LUNCH: UNWINDING GLOBAL IMBALANCES: HOW MUCH WILL IT HURT?**  
(Andrés Bello Auditorium, 9<sup>th</sup> Floor, 1300 New York Avenue)

*Moderator:* Guillermo Calvo, Chief Economist, IDB

*Presenter:* Nouriel Roubini, Professor, New York University

*Response:* David Backus, Professor, New York University

2.45 – 4.15 pm

**FISCAL POLICY THROUGH THE CYCLE: WHAT HAS BEEN THE EXPERIENCE**

Do policymakers consider this period of strong fiscal positions an exception or a new equilibrium? Is the current fiscal policy stance lapse as strong growth has boosted revenues or do current fiscal surpluses indicate a high degree of probity? What do policymakers see as the main risks and how might fiscal policy have to adjust if global liquidity and world growth subsides and commodity prices fall?

*Moderator:* José De Gregorio, Vicepresident, Central Bank, Chile

Bernando Appy, Executive Secretary, Ministry of Finance, Brazil

Martin Abeles, Undersecretary, Ministry of Finance, Argentina

Luis Céspedes, Director of Economic and Financial Policy, Ministry of Finance, Chile

Jorge Toro, Head of Economic Research, Banco de la República, Colombia

4.15 – 4.30 pm

**COFFEE BREAK**

4.30 – 6.00 pm

**THE EFFECT OF OIL PRICES: THE CASE OF THE IMPORTERS**

*Moderator:* Jerry Christopher Butler, Executive Director, IDB

*Presenter:* Fidel Jaramillo, Regional Economic Advisor, IDB

*Discussants:*

Ratna Sahay, Senior Advisor, Finance Department, IMF

Hon. Derick Milton Latibeaudiere O.J., Governor & Chairman, Bank of Jamaica

**FRIDAY, OCTOBER 20TH**

9.30 – 10.30 am

**SPECIAL SESSION: LIVING WITH DEBT**

*Moderator:* John Hauge, Finance Manager, IDB

*Presenter:* Ugo Panizza, Senior Research Economist, IDB

Presentation based on the IDB's flagship publication

*Special Invited Discussants:*

Guillermo Perry, Chief Economist, IAC Region, The World Bank

Jaime Caruana, Director, Monetary and Capital Markets Department, IMF

The IDB's 2006 flagship IPES report focuses on sovereign debt management. The report releases a new data set on public debt in the region and analyzes the evolution of debt, highlighting the recent trend toward higher levels of domestic debt.

A central conclusion of the report is that it is the structure of the debt, in terms of denomination, maturity, and contingencies, that affects financial vulnerability more than the level of the debt itself. The report concludes suggesting ways in which debt may be made safer for the future.

10.30 – 10.45 am      **COFFEE BREAK**

10.45 - 11.30 am      **SPECIAL SESSION: RESERVE POOLING AND SEIGNORAGE INCOME**

*Moderator:* Eduardo Fernández Arias, Regional Economic Advisor, IDB

*Presenter:* Marcus Miller, Professor, University of Warwick, UK

*Discussant:* Romain Rancière, Economist, Research Department, IMF

Recent proposals have suggested that countries may wish to pool reserves. Currently individual countries maintain high stocks of reserves for their own use. These reserves are typically invested in US and US dollar assets. This presentation highlights the implications of current trends and how reserve pooling would affect the individual countries concerned, the US and the global economy.

11.30 am – 1.00 pm      **THE OPTIMAL LEVEL OF RESERVES, RESERVE MANAGEMENT, AND THE EFFICACY OF POOLING RESERVES**

Countries in Latin America have built up large stocks of reserves. Are levels beyond the optimum? If so, how has this come about, what are the implications and how can reserves be reduced? Are reserves held for monetary or prudential motives or both? How should reserves be managed? Should reserves be pooled across countries? As stocks are high, should some portion of the reserves be invested in more risky assets? What is the optimal currency composition? Should countries set up investment funds as some middle eastern oil- exporters have done? How should such funds operate? Should such funds make strategic investments in particular companies or countries? What benchmarks should be employed?

*Moderator:* Eloy García, Treasurer, IDB

Hernán Lacunza, Chief, Economic Research, Central Bank, Argentina

Adrián Armas Rivas, Manager, Economic Studies, Central Bank, Peru

Manuel Ramos Francia, General Director of Economic Research, Banco de México

Rodrigo Valdés, Director, Economic Studies, Central Bank, Chile

1.15 – 2.45 pm      **LUNCH: MONETARY POLICY INSTRUMENTS IN EMERGING ECONOMIES  
(Andrés Bello Auditorium, 9<sup>th</sup> Floor, 1300 New York Avenue)**

*Moderator:* Guillermo Perry, Chief Economist, LAC Region, The World Bank

*Presenter:* Guillermo Calvo, Chief Economist, Inter-American Development Bank