

XXXIV MEETING OF THE NETWORK OF CENTRAL BANKS AND FINANCE MINISTRIES

Washington, DC USA
1330 New York Ave., N.W., Washington, DC
Enrique V. Iglesias Conference Center” * Room CR3

AGENDA

Wednesday, September 21th, 2011

LAC/G-20 Initiative Plenary Meeting (LAC Country Officials Only)

4:00 – 4:30

Registration/Coffee

4:30 – 5:30

Item 1: Conclusions from G20 Workshops in LAC

What were the main points of agreement and disagreement among G20 members? Is there a Latin American viewpoint on some of these issues? What are the research demands emerging from these debates?

1. *Workshop on Commodities.* (Guido Forcieri - Finance Ministry, Argentina)
2. *Workshop on Managing Capital Flows in Emerging Markets.* (Carlos Cozende - Finance Ministry, Brazil)
3. *Workshop on Monetary Policy and Macro-Prudential Regulation.* (Carlos Cozende – Finance Ministry, Brazil)

Moderator:

Manuel Ramos-Francia (Central Bank of México)

5:30-6:00

Item 2: Strengthening LAC/G20 Capacity

1. *How can the research capacity of LAC/G20 be better organized? How can the IDB support the development of G20 policy research and help each country develop its position? How can the IDB contribute to the overall effort with its own research and review? What is the best use of the IDB's resources and organization in its service as a technical secretariat of the LAC/G20 group? Should the aim be to hold regional (LAC/G20) workshops instead of local, isolated seminars based on individual topics? Do the G20's analytical sources suffer from particular weaknesses, either for lack of regional applicability or governance reasons, upon which a LAC/G20 research unit should concentrate?*
2. *How can the impact of LAC/G20 be improved? Should we hold discussion or strategy meetings prior to G20 meetings, possibly in conjunction with our workshops, besides holding our plenary meetings in Washington with the Central Banks and Finance Ministries network? Should we focus our work on specific G20 working groups; do these groups make a difference in G20 negotiations? What is the most effective approach to assure that the G20s global policy coordination is efficient and to maximize the benefits to LAC?*

Moderator:

[Eduardo Fernández-Arias \(IDB\)](#)

Time

Coffee break

6:00 – 6:30

Item 3: The G20 agenda and the 2012 Mexican Presidency

1. *How has the G20 agenda evolved under the French Presidency? What are current issues of interest to LAC? How may renewed global risks reshape the priorities of the G20 agenda?* ([Eduardo Levy-Yeyati - UTDT](#))
2. *What are Mexico's G20 agenda priorities and plans?* (Alejandro Díaz de León - Finance Ministry, México)

6:30 -7:30

Cocktail Reception

www.iadb.org/g20

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Thursday, September 22th, 2011

8:30 – 9:00	Coffee and Light Breakfast
9:00 – 9:30	Welcoming Remarks: Santiago Levy (IDB)
9:30 – 10:45	<p>Session 1. Global Outlook: Yet Another Collapse?</p> <p><i>What is the outlook for the snail-paced recovery in the US; is the US Japanizing? How serious is the risk that a constrained policy tool kit and political dysfunction (and potential additional downgrading) may lead to a double-dip recession? How serious may the European debt crisis become if it spreads to larger economies? May it provoke a systemic banking crisis affecting core countries? Is it possible that the Advanced Economies (AE) may trigger another global financial disruption? What is the risk of a global growth collapse? Will the G20 be able to do international damage control and extend its protection to Emerging Economies (EE) as in March 2009 in London? What is the risk that the China locomotive will break this time around? Is the unprecedented accumulation of these “Emerging Market type events” in AE coincidental or are we witnessing the beginning of increasing long-term fiscal stress in AE leading to unprecedented strategic global implications?</i></p> <p>Chair: Santiago Levy (IDB) Panel: Jorg Decressin (IMF) Guillermo Mondino (Barclays Capital) Giovanni Majnoni (Banca d'Italia)</p>
10:45 – 11:15	Coffee Break
11:15 – 12:45	<p>Session 2. Regional Outlook</p> <p><i>The session will provide a review of LAC's two-speed performance which has been induced by slow AE/ booming EE, easy external finance conditions and high commodity prices. Has the most favored bloc taken advantage of the external bonanza in a prudent way, strengthening sustainable growth? Has the least favored bloc managed to withstand the headwinds and meet the challenges? How is LAC affected by the global scenarios? How could the realization of the downside risks of the global outlook change LAC's external conditions? What are the risks and vulnerabilities for LAC? How does consideration of these risks impact its macroeconomic challenges and change or reaffirm its current macroeconomic policy priorities? How should the region change its policy stance in the face of a bifurcated global scenario, in which overheating may suddenly change to freezing?</i></p> <p>Chair: Eduardo Lora (IDB) Lead Speaker: Ernesto Talvi (CERES) Panel: Rodrigo Valdes (IMF) Miguel Kiguel (Econviews)</p>
1:00 – 2:45	<p>Luncheon Address (7th Floor – Executive Dining Rooms): “MACROECONOMICS FOR DEVELOPMENT”</p> <p>Speaker: José Antonio Ocampo Professor of Professional Practice of International and Public Affairs, Columbia University</p>
3:00 – 5:30	<p>Session 3. Macroeconomic policy implications of global financial cycles</p> <p><i>LAC is vulnerable to highly volatile external financial condition. Such “global financial cycles” typically induce high volatility in external balances and the domestic economy. Real exchange rates appreciate, credit expands, portfolio inflows rise and asset price inflation takes off. Do the corresponding risks of “financial Dutch disease” and instability of the financial system justify aggressive countercyclical domestic policies to lean against the global wind (as in capital account regulations, exchange rate intervention, international reserves accumulation, and other macroprudential tools)?</i></p> <p>Chair: Eduardo Borensztein (IDB) Lead Speaker: Eduardo Levy-Yeyati - A New Framework for the Macro-prudential Debate Multilateral Panel: Augusto de La Torre (World Bank) Andrew Powell (IDB) Country Panel: Renzo Rossini (Central Bank of Peru) Emanuel Werner Kohlscheen (Central Bank of Brasil) Hernando Vargas (Central Bank of Colombia)</p> <p>Country Roundtable: Country assessment of their experiences with capital account regulations and exchange rate interventions. How strong is the international reserve position to withstand a global financial crisis?</p>

Friday, September 23th, 2011

Washington, DC USA

1300 New York Ave., N.W., Washington, DC * Room Andrés Bello III

8:30 – 9:00	Coffee and Light Breakfast
9:00 – 11:00	<p>Session 4. Macroprudential and Monetary Policy</p> <p>Macroprudential Policy for Financial Stability: What to Monitor? Failures and externalities in financial systems leading to excessive systemic risk during a global financial crisis are magnified in the positive phase of the business cycle. How can resulting financial imbalances—asset bubbles, high leverage, high liquidity mismatch, etc-- be detected in order to trigger policy action? And what would be the appropriate policy domain if such imbalances are detected (e.g. policy intervention to impede their development, buffers to weather them)? What are the tradeoffs between type I and type II policy errors concerning financial development and financial stability and what are the repercussions of each? How does the current global financial uncertainty affect the policy calculus?</p> <p>Chair: Julio Velarde (Central Bank of Perú)</p> <p>Panel: Enrique Alberola (Central Bank of Spain) Stijn Claessens (IMF) Kevin Cowan (Central Bank of Chile)</p>
	<p>The Interaction between Macroprudential and Monetary Policy. Proponents of widespread macrofinancial policies also view them as a supplement to monetary policy; they can reinforce the lending channel and substitute for monetary policy to avoid some of its negative side effects (e.g. unremunerated reserve requirements instead of higher interest rates attracting still more capital inflows, hence adding to the sustainability of sterilized intervention). They also see them as especially effective in financially dollarized economies or as an indirect instrument to regulate the capital account when discriminating by currency. How substantial is this value added to traditional monetary policy and how substantial are the negative side effects? Most importantly, how would the Central Bank go about combining its portfolio of instruments to achieve the dual objectives of price and financial stability? Should it make price objectives flexible, modify its objective function to accommodate both, manage two separate objectives; how should it assign instruments?</p> <p>Chair: Julio Velarde (Central Bank of Perú)</p> <p>Lead Speaker: Pierre-Richard Agénor (University of Manchester)</p> <p>Panel: Alberto Torres-García (Central Bank of Mexico) Jorge Ponce (Central Bank of Uruguay)</p>
11:00 – 11:30	Coffee Break
11:30 – 12:30	<p>Session 5. Assessing Countercyclical Fiscal Policy</p> <p>Expansionary countercyclical fiscal policy in 2009, useful to moderate the impact of the global crisis, is expected to have become neutral and contractionary as the global cycle pushes up our economies and, subsequently, fiscal revenues. While the quantitative effectiveness of feasible fiscal contraction to deal with this global cycle is limited, the contribution of countercyclical policy would still be needed to make room for diminishing the dose, and therefore unpleasant side-effects, of monetary and macrofinancial policies that many countries in the region are using as the first line of defense to moderate capital inflows and keep booming economies under control. Furthermore, fiscal discipline in boom times is also needed to ensure debt sustainability and build credibility, which may come to the test very quickly if the global economy collapses again. How satisfactorily have fiscal positions evolved over 2010/2011? How well are countries prepared to conduct expansionary countercyclical fiscal policies if need be?</p> <p>Chair: María Dolores Almeida (Finance Ministry, Ecuador)</p> <p>Lead Speaker: Eduardo Fernández-Arias (IDB)</p> <p>Country Roundtable</p>
12:45 – 2:00	Working Lunch (Room Andrés Bello III) - (LAC Network Members Only)
	Speakers: Eduardo Fernández-Arias (IDB): What Keeps You Up at Night?

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HIGH-LEVEL POLICY SEMINAR

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WILL THE WORLD RELAPSE INTO CRISIS? CAN THE REGION REMAIN IMMUNE?

REASSESSING REGIONAL VULNERABILITIES AND POLICY PRIORITIES

OPEN TO THE PUBLIC * [PRIOR REGISTRATION REQUIRED](#)

Date: Friday, September 23, 2011

Time: 2:15 PM to 4:30 PM

1300 New York Ave., NW, Washington, DC - 20577

Room: Andres Bello, 9th floor

In this timely policy seminar, a panel of experts will address a number of questions facing the decision makers in Latin America and the Caribbean

Introductory Remarks: [Santiago Levy](#) (IDB)

Moderator: [Eduardo Fernández-Arias](#) (IDB)

Panel

Will the world relapse into crisis?

[Raghuram Rajan](#) (University of Chicago)

[Carmen Reinhart](#) (Peterson Institute)

[Stephen Cecchetti](#) (Bank for International Settlements) – ([Presentation](#))

Can the region remain immune?

[Guillermo Calvo](#) (Columbia University) - ([Presentation](#))

[Paulo Leme](#) (Goldman, Sachs & Co.)

[Liliana Rojas-Suárez](#) (Center for Global Development) – ([Presentation](#))

Will the world relapse into crisis? Will an anemic recovery in the United States and policy impotency lead to a double-dip recession? Will Europe's downward spiral lead to a full blown debt and banking crisis? If so, will China's growth miracle carry on or hard land? Will the G-20 be able to extend effective protection to Emerging Markets this time around?

Can the region remain immune? The region performed well in the last global crisis, but are there untested threats in this new strain of world crisis? What are the regional vulnerabilities to a global relapse into crisis? How should countries reassess and balance macroeconomic and macro-financial policy priorities going forward in the face of opposing global economic scenarios, where today's overheating may suddenly transform into tomorrow's deep freeze?

Comments, questions and answers

Coffee and light refreshment will be served