



# Latin America: Challenges in a Rapidly Changing Global Environment

Centro de Eventos de la Biblioteca Luis Ángel Arango, calle 11 # 4 - 14  
May 13, 2015, Bogotá, Colombia.

*Growth remains weak across much of Latin America, and prospects for a near-term recovery are not favorable. The commodity boom has ended; China—the region's second-largest trading partner—is slowing; and U.S. interest rates appear set to edge higher. Against this backdrop, restoring high investment and output growth in Latin America will be challenging. However, current difficulties may also open up new opportunities for addressing long-standing weaknesses and implementing reforms to launch a new phase of economic prosperity, social progress, and higher standards of living.*

**8:30–9:00 a.m. OPENING REMARKS: JOSÉ DARÍO URIBE. GOVERNOR, CENTRAL BANK OF COLOMBIA**

**9:00–10:30 a.m. I. THE MACROECONOMIC EFFECTS OF COMMODITY PRICE BUSTS**

The sharp decline in commodity prices continues to reverberate across Latin America. What are the implications for growth, public finances, and external positions? Do exchange rates act as shock absorbers or are they creating additional volatility? Is the region better prepared than in past episodes to manage the effects of large external shocks and changing terms of trade?

*Presenters:* Roberto Chang (Rutgers University)  
Bertrand Gruss (IMF)

*Discussants:* Andrew Powell (IDB)  
Diego Rodríguez (Banco de la República - central bank of Colombia)

**10:30–11:00 a.m. Coffee Break**

**11:00 a.m.–12:30 p.m. II. INVESTMENT AND SAVING DYNAMICS IN EMERGING MARKETS**

Following an extended period of strong growth, private investment across emerging market economies has decelerated since 2011. At the same time, saving rates in the Latin America continue to be too low. This session will analyze investment and saving dynamics, exploring the causes of the investment slowdown and assessing the outlook. This includes examining whether low saving is a binding constraint on growth and how it can be raised. What policies can help countries unlock investment potential and raise domestic saving in Latin America?

*Presenters:* Klaus Schmidt-Hebbel (Catholic U. of Chile)  
Nicolás Magud (IMF)

*Discussants:* Hernando Vargas (Deputy Governor, Banco de la República, central bank of Colombia)  
Alberto Torres (Chief Economist, Central Bank of Mexico)

**12:30–2:00 p.m. LUNCH AND KEY NOTE SPEECH—ILAN GOLD-**





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#### 2:00–3:30 p.m. **III. ROUND TABLE: AFTER THE COMMODITY BOOM—POLICIES FOR THE NEXT DECADE**

What policies will help restore strong economic growth in Latin America amid weaker commodity prices and tighter global financial conditions? Will policy frameworks across the region pass the test of more challenging times? What are the right priorities for reform?

Panelists: Mauricio Cárdenas (Finance Minister, Colombia)  
David Lipton (First Deputy Managing Director, IMF)  
José de Gregorio (IIE)  
Olan Goldfajn (Itau Unibanco)

Moderator: Joyce Chang (J.P. Morgan)

#### 3:30–3:45 p.m. **Coffee break**

#### 3:45–5:15 p.m. **IV. BOOSTING POTENTIAL GROWTH**

Global growth remains mediocre in the aftermath of the global financial crisis. Moreover, estimates of potential growth have been repeatedly downgraded for both advanced economies and emerging markets. Latin America, in particular, appears to be weighed down by its heavy dependence on commodities—where downward growth revisions among emerging markets in 2015 have been the largest. But is there scope for successfully diversifying economic structures and moving up the value chain? What policies are needed to promote greater innovation and dynamism? Are low saving rates a binding constraint for growth, and how can they be raised?

Presenters: Roberto Rigobon (MIT)  
Fabiano Rodrigues Bastos (IMF)

Discussants: Leonardo Villar (Executive Director, Fedesarrollo, Colombia)  
Esther Dweck (Secretariat of Federal Budget, Brazil).

#### 5:15–5:30 p.m. **Coffee break**

#### 5:30–6:30 p.m. **V. FINANCIAL DEEPENING IN LATIN AMERICA**

Deepening financial systems through better market access, liquidity, and diversity of instruments can help countries reap the benefits from globalization through improved financial efficiency, enhanced resilience to shocks, and transition to higher income levels. This is particularly relevant at a time of weakening growth prospects for Latin America and weaknesses in macro-frameworks in some countries. Where does Latin America stand in terms of financial development—in relation to country's fundamentals, other regions and across time? What are the potential gains to growth and stability from financial deepening? How could policies be reshaped to reap the benefits without jeopardizing macroeconomic stability and growth?

Presenters: Augusto de la Torre (Chief Economist for Latin America, The World Bank)  
Anna Ivanova (IMF)

Discussants: Adrián Armas (Chief Economist, Central Bank of Peru)  
Rodrigo Valdés (President of Banco Estado, Chile).

