

South–South financial and monetary cooperation:
Assessing Brazil’s leadership role in intra- and inter-regional arrangements

Co-organizers: Institute of Applied Economic Research (IPEA) and Center of Concern.

Dates: November 13-14, 2013.

Venue: IPEA, Brasilia.

Participants: Organizers envision a group of approximately 20-30 participants, including IPEA staff, academics, CSO and government experts from Latin America and /or abroad, Brazilian policy-makers (Finance, Trade, Central Bank, Foreign Affairs).

Format: Series of panel discussions.

Background

Trends towards increased South –South economic cooperation have intensified in the last decade. This was partly a result of Southern countries’ general disappointment about the functioning of the global financial institutions and their ability to accommodate changes of the structure of the international economy in their decision-making. It also reflects the improved economic conditions experienced by Southern countries in the average and rising powers in particular leading them to wield greater economic power and a more assertive attitude in international affairs.

The global economic and financial crisis of 2008-09 further helped give momentum to this trend. First, it drove home the realization of the importance of diversifying trade both in terms of products and markets, as well as diversifying the economy towards more reliance on internal demand, to avoid exposure to large external shocks. Second, in the short to medium term it is clear that the potential of traditional markets as export destinations for developing countries will remain subdued. This is partly due to a recovery that either is fragile (e.g. US) or has not taken place (e.g. European Union), with lagging jobs recovery and banking sector weaknesses in both cases. It also responds to a renewed emphasis by policymakers in those countries to attempt to stabilize their external balances by running trade surpluses and a lower tolerance to trade deficits than in the past.

These trends have also been evident in Latin America where countries are actively discussing, in some cases adopted or even are actively implementing South-South regional and inter-regional arrangements for monetary and financial cooperation. Brazil, being the largest economic power

in the region is called to play a leading role in these processes both within the Latin America region but also in terms of inter-regional cooperation.

The seminar intends to provide a stimulating environment to:

- Discuss the above-mentioned trends, the context in which they take place and their meaning and impact for Latin America in general and Brazil in particular;
- Expected, desirable and potential benefits, as well as risks of regional and inter-regional monetary and financial cooperation, along three lines: financial cooperation, reserve pooling and currency arrangements and systems of payments in local currency;
- Identify obstacles to progress in regional and inter-regional financial and monetary cooperation along the three proposed lines, and proposals to overcome them.