



Where is Global Finance heading? Status of the International Monetary System and the Stake of Emerging Economies

AGENDA

CUSCO, July 13 -14 2009

Location & Venue of the Conference:
HOTEL LIBERTADOR, Cusco, Peru

Sunday, July 12, 2009

14:00-18:00 Cusco Sightseeing – organized by Central Reserve Bank of Peru

Monday, July 13, 2009

9:00 Welcome Coffee and Registration

9:15-9:30 **Julio Velarde**, Governor, Central Reserve Bank of Peru
Marc Uzan, Executive Director, Reinventing Bretton Woods Committee

9:30-11:00 **SESSION I – TIME OF UPHEAVAL : WHERE IS GLOBAL FINANCE
HEADING?**

Chair: Marc-Olivier Strauss-Kahn, Executive Director, Inter-American Development Bank Group

- **Bandid Nijathaworn**, Deputy Governor, Bank of Thailand
- **Nouriel Roubini**, Professor of Economics, NYU
- **Hector R. Torres**, Counsellor, World Trade Organization

Has the series of G20 meeting have changed the landscape of global finance?

While it is too early to exit from crisis response policies, it is necessary to define how and when such an exit should occur. What will it mean for the major countries, and for the emerging world? Will the global economy be going back to the pre crisis imbalances but with a different pattern?

The crisis has modified the landscape: us consumers have increased saving and fiscal expansion is taking place in China, and we are seeing the disappearance of current account deficits in central and eastern Europe.

What will be the impact of a shrinking financial and banking industry on the financing of emerging markets and more generally what role can we expect it to play going forward in facilitating sustainable world economic growth?

11:00-11:20 Coffee Break

11:20-13:00 SESSION II – EMERGING ECONOMIES IN THE INTERNATIONAL FINANCIAL SYSTEM – THE WAY FORWARD

Chair: Manuel Marfán, Board Member, Banco Central de Chile

- **Martin Redrado**, Governor, Central Bank of Argentina
- **Mario Blejer**, Former Governor, Central Bank of Argentina
- **Ricardo V. Lago**, Professor of Economics, University of Florida
- **Zbigniew Hockuba**, Member of the Board, National Bank of Poland

13:00-15:00 Lunch

15:00-16:15 SESSION III – IS THE FUNCTIONING OF THE INTERNATIONAL MONETARY SYSTEM RESPONSIBLE OF THE CRISIS?

Chair: Heenam Choi, Director General, Ministry of Finance, Korea

- **Ibrahim Turhan**, Deputy Governor, Central Bank of Turkey
- **Renosi Mokate**, Deputy Governor, Reserve Bank of South Africa
- **Evariste Lefevre**, Head of Global Macro and Markets Research, Natixis

Did the international monetary system contribute to the crisis through the role of monetary fiscal and exchange policies in the systemic countries in creating imbalances in the international monetary system?

Can a stable global financial and trading system successfully combine major countries with currencies that are essentially fixed while other currencies float? Should countries avoid large current account deficits, even when those appear largely justified by fundamentals, such as strong growth prospects? Conversely, can sustained very large surpluses be a source of instability for the system?

16:15-16:35 Coffee Break

16:35-18:00 SESSION IV – THE STAKE OF EMERGING ECONOMIES IN THE INTERNATIONAL MONETARY SYSTEM

Chair: Mikhail Mizhinskiy, Project Coordinator, Post Crisis World Foundation

- **Lawrence Brainard**, Chief Economist, Trusted Sources
- **Boris Vujčić**, Deputy Governor, Central Bank of Croatia
- **Luis Gustavo Mansur**, Deputy Head of the International Relations Department, Central Bank of Brazil

Current global financial events seem to indicate that there is a new geography of international finance. The notions of the center and periphery are not any more relevant to understand the current evolution of the global financial system. So in this effect, is the perception and nature of the emerging markets class changing as a consequence? How emerging markets are asserting in this global scenario?

What lessons the emerging world will learn from this financial turbulence? We are seeing new swap agreements among China and other central banks, an agreement from China and Brazil to settle trade in non dollar currencies. What do the emerging economies expect from the system and how they can also become an anchor of stability?

18:00 **End of the First Day**

20:00-22:00 **Cocktail** at the Museum of Pre-Columbian Art
Hosted by the Central Bank of Peru

Tuesday, July 14, 2009

9:00 **Welcome Coffee**

9:15-10:25 **SESSION V – THE DOLLAR TRAP : WHAT ARE THE OPTIONS FOR THE INTERNATIONAL MONETARY SYSTEM?**

Chair: Philip Poole, Managing Director, Global Head of Emerging Markets Research and Chief Economist for Emerging Markets, HSBC Bank

- **Brad Setser**, Senior Fellow, Council on Foreign Relations
- **Felipe Larrain**, Professor of Economics, University Católica, Chile
- **Joshua Aizenman**, Professor of Economics, University of California

The dollar remains the key reserve asset but the continuation of a dollar based system is being questioned. Its stability relies on us policy credibility eroded today by weak financial regulation and difficult exit from monetary, fiscal and bank intervention.

The global financial system faces a challenge with a high demand for reserves but also with doubts about the stability of reserve assets. If we were in a pure floating exchange rate regime, there would be no need to hold foreign reserve for currency defense, but exchange rates have real effects and no country is fully indifferent to its level and change. So Central bank hold reserves as an insurance against shocks.

Is this crisis will reinforce the desire for large precautionary reserve holdings by emerging economies? How to analyze the different swaps agreements among central banks during the crisis?

10:25-10:45 **Coffee Break**

10:45-12:30 **SESSION VI – WHAT ARE THE OPTIONS FOR THE INTERNATIONAL MONETARY SYSTEM?**

Chair: Pilar L'Hotellerie-Fallois, Associate Director General, International Affairs, Banco de Espana

- **Dato' Ooi Sang Kuang**, Deputy Governor of the Bank Negara Malaysia
- **Ousmène Mandeng**, Head Public Sector Advisory Group, Ashmore Investment
- **José Antonio O Campo**, Professor of Economics, Columbia University
- **Geoffrey Underhill**, Professor of Political Science, University of Amsterdam

Can we see the emergence of multiple currency reserves? Instead of leaving it to individual countries, the task of issuing reserves could be multilateralized? Can the SDR play that role but if so can it evolve to remove the illiquidity of the asset? (sdr are illiquid, hard to issue and hard to use?) Historically, the criteria used for the needs of SDR in the global financial system has been the need of global liquidity. Is it the case today?

What are the prospects and current regional monetary arrangements? Will it make a

difference in the configuration of the international monetary system?

Can emerging countries' need for reserves be effectively reduced by insurance arrangements, or lending arrangements? What role can Special Drawing Rights (SDRs) play? In an expanded role, can they truly lead to a different composition of reserves? Could they be the first step towards an international currency, and if so, how?

12:30-14:30 Lunch

14:30-16:00 SESSION VII – FUTURE OF THE INTERNATIONAL MONETARY AND FINANCIAL ORDER – Roundtable discussion
Chair: Marc Uzan, Executive Director, Reinventing Bretton Woods Committee

- **Nouriel Roubini**, Professor of Economics, NYU
- **Julio Velarde**, Governor, Central Reserve Bank of Peru
- **Miranda S. Goeltom**, Acting Governor, Bank of Indonesia
- **Rakesh Mohan**, Distinguished Consulting Professor, Stanford University

16:00-16:15 Coffee Break

16:15-16:30 Conclusion & Next Steps by **Marc Uzan** and **Nouriel Roubini**

20:00-22:30 Dinner at the Hotel Monasterio
Hosted by the Central Bank of Peru

Wednesday, July 15, 2009

Optional Tour to Machu Picchu

The organizers are pleased to thank Ashmore Investment for supporting this roundtable

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