

**Times of Panic:
*Generating Knowledge
in Latin America***

*November 2008
LATN – Latin American Trade Network*

 Años

 **LATN**

 Years

1. WHAT IS LATN?

The Latin American Trade Network (LATN) is a trade policy research network founded in 1998. It receives support from IDRC, SDC, IADB, World Bank, ECLAC, CAF, RUTA, etc.

LATN is currently composed of more than 180 members and 70 linked institutions. Its structure counts on a Coordination Unit and three regional nodes (Central America, Andean Region and Brazil)

LATN has been dedicated to provide tools for the policymaking process, in order to achieve a more favorable regional and global environment for Latin American countries

This mission generates some challenges, especially in current context...



2. CHALLENGES FOR LATIN AMERICA IN CURRENT CRISIS

- **Latin America (LA) stands initially in a good position related to fundamentals (cautious fiscal and monetary policies, which allow many countries to pile up reserves and create “stabilization funds”)**
- **However, the region is not “de-coupled” from the crisis, especially due to:**
 - ✓ **decline of FDI flows, after an unprecedented level in 2007 (USD 106 bn in LA plus Caribbean)**
 - ✓ **decline of commodities prices, caused by decline of demand (much of the economic boom in LA was fueled by commodities exports)**
 - ✓ **export demand will decrease because of lower global economic activity**

3. CRUCIAL RESEARCH QUESTIONS

- **In that context, LATN's has undertaken to study:**
 - **Productive models and new financing needs**
 - **Resurgence of protectionism and its impact on development**
 - **Building capacity to catalyze FDI and absorb its benefits**

4. IMPROVING CAPACITY IN L.A. : SPECIFIC POLICIES

(Ocampo, LATN, 2008)

- Exports promotion, especially in rising sectors and those with high TI
- Promote productive complementarities in 3 export activities: “maquila” (Mexico and Central America), tourism (Central America and Caribbean), and natural resources (South America)
- Tax reform (including complementary fiscal policies)

Governments need to lead implementation process, in order to improve institutional building. Financing needs to be a shared effort between public and private sector, and development agencies.

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