



INTER-AMERICAN DEVELOPMENT BANK
INTEGRATION AND REGIONAL PROGRAMS DEPARTMENT
SPECIAL OFFICE IN EUROPE

First Annual Conference of the Euro-Latin Study Network on Integration and Trade

An initiative of the Inter-American Development Bank

Barcelona, 6-7 November 2003

CALL FOR PAPERS

INTRODUCTION

On October 9 2002 the Inter-American Development Bank (IDB), through the Special Office in Europe (SOE) and the Integration and Regional Programs Department (INT) (through the Institute for the Integration of Latin America and the Caribbean (INTAL) in Buenos Aires and the Integration, Trade and Hemispheric Issues Division (ITD)) launched the *Euro-Latin Study Network on Integration and Trade*. This initiative creates in Europe a forum on integration and trade issues relevant to Latin America and the Caribbean. The main objectives of the Network are to generate research, studies and debate on these issues, draw on a rich European experience and perspectives and increase interaction between European and Latin American researchers.

The *Euro-Latin Study Network on Integration and Trade* involves the setting up of a Steering Committee that initially includes three leading European Research Centers on a rotating basis, and the IDB (represented by SOE and INT). In 2003 the Steering Committee includes the Kiel Institute for World Economics (KIEL), Kiel, Germany; the Center for Research in International Economics (CREI), Barcelona, Spain; and the Robert Schuman Centre for Advanced Studies of the European University Institute (RSCAS), Florence, Italy.

The First Annual Conference of the Euro-Latin Study Network on Integration and Trade will take place in Barcelona on November 6-7, 2003. The event will be hosted by the Center for Research in International Economics (CREI), under the sponsorship and co-organization of the Inter-American Development Bank (IDB).

CALL FOR PAPERS

This call for papers invites you to submit a paper to, or express your interest in attending, the First Annual Conference of the Euro-Latin Study Network on Integration and Trade. The Conference will consist of three sessions. Each session will have a presentation of three papers and the comments on each of them by recognized Latin American experts in the field. All the papers and discussions will be posted in the web site of the Euro-Latin Study Network on Integration and Trade and circulated as working documents of the network. The authors are free however to publish the papers elsewhere.

The three half-day sessions of the Conference will each deal with one of the following three topics (the suggested themes on each topic are only indicative and papers that deal with other themes may also fit the general objectives of each session):

Session I: Macroeconomic dimensions of regional integration.

This session will be organized by Jaume Ventura (CREI and MIT).

Trade and financial integration are advancing at a historically unprecedented pace within both Europe and the Americas. The macroeconomic effects of this regional integration process are potentially large. Identifying these effects both theoretically and empirically, as well as deriving their implications for policy design constitutes an important research objective.

A first theme of the session could be the study of the interactions between increased trade in goods and assets and their macroeconomic implications. For instance, trade in goods allows countries to specialize in production and this might affect the demand for international risk sharing. Similarly, trade in assets allows countries to share risks and this might affect the incentives for international specialization in production. Through these and other channels, the interaction between trade in goods and assets determines the type of shocks countries experience and, as a result, it also determines the sort of macroeconomic policies that countries should follow.

A second theme of the session might be the analysis of how the effects of macroeconomic policies and the incentives to adopt them depend on the degree of economic integration. The ability to trade in goods and assets puts restrictions and, at the same time, opens up new possibilities for macroeconomic policy. Identifying these restrictions and possibilities is a crucial first step in any attempt at policy design. But policies are not adopted without a reason. Economic integration also alters the incentives to adopt different types of macroeconomic policies. Are the positive effects of increased trade eroded or reinforced through their impact on policy making?

A third theme could relate to the coordination of macroeconomic policies within and across regional blocks. Increased trade in goods and assets magnifies the various channels through which shocks in one country are transmitted abroad. Regional integration therefore raises the need to coordinate across countries their policy responses to shocks. A number of natural questions arise, such as: What are the key sources of policy spillovers across countries? What sort of

policy coordination is required to counteract these spillovers? To what extent existing institutions are well equipped to deliver the right amount of policy coordination?

Session II: European Union enlargement and adjustment policies during the transition.

This session will be organized by Rolf J. Langhammer (KIEL).

The analysis of adjustment policies facing new members joining the EU (accession countries) and non-member countries could have important lessons for the process of economic integration in other parts of the world, in particular under North-South schemes.

A first theme of the session could be to examine the locational advantages in regional and international competition: the role of institution building in community-wide policies, e.g., environmental policies and social security systems. Accession countries have to strike a balance between regional integration and globalization. They have to adjust their real sectors to the increasing competition exerted by the EU countries without forgoing chances offered by globalization in terms of attracting foreign direct investment and improving export performances.

A second theme of the session might be to discuss the interaction between monetary regimes and the performance of trade and labour markets in the transition towards monetary union. The choice of the optimal speed of euroization involves trade-offs between monetary stabilization and the adjustment of the real sector as well as between internal (regional) and external stability. Additionally, trade and labour market integration can be a precondition as well as a consequence of monetary integration.

A third theme could relate to the analysis of the net effects of European integration for third country groups. Non-member countries like those in Latin America incur discrimination effects (trade and investment diversion) because of effective regional integration. At the same time, positive effects arise from easier access to a larger market, decline of border charges in lowering the external tariffs of the accession countries to the EU level and better investment opportunities.

Session III: The impact of regional integration on economic convergence and growth.

This session will be organized by Omar Licandro (RSCAS).

Different regional integration agreements have generated different patterns of convergence and growth. Ireland, Portugal and Spain have benefited from the integration in the European Union and can in our days be considered developed countries. The perspective of future integration in the EU is already affecting the economies of Poland and the Czech Republic, among others, and most analysts expect that these countries will converge to the average GDP per capita of the EU in the future. On the other side of the Atlantic, Mexico after the creation of NAFTA has improved its growth records. However, the perspective of becoming

a member of the selected group of developed countries is still an open question. Finally, South-South integration agreements offer a more mixed bag picture in terms of economic performance. In this context, the session could be devoted to the analysis of the differences across different regional integration agreements in order to understand their implications for a long-term growth strategy and convergence. Trade is at the basis of any regional integration agreement, but reducing trade barriers even if necessary does not seem to be sufficient for convergence and growth.

A first theme of the session could be the debate on the role of institutions. It seems that the main contribution of the EU to the new entrants is the prospect of stable institutions, generating the conditions for long-term investment. This is not the case of many South-South agreements where countries are forced to share their instability. Moreover, it is unclear to what degree stable US institutions are helping the development of stable institutions in Mexico. Are North-South agreements necessary for institutional development in developing economies? What is then the role of South-South agreements? Does the FTAA, for example, share the key elements of the EU in order to generate stable institutions in LA?

A second theme of the session might be the role of adoption and diffusion of new technologies as a key element for economic convergence and growth. The literature on integration stresses the importance of comparative advantages to evaluate the consequences of regional integration for convergence. However, comparative advantages are a dynamic concept. The process of generation, adoption and diffusion of new technologies is fundamental to understand the dynamics of comparative advantages. Expanding the size of a region, through economic integration agreements, has important scale effects for the generation of new technologies. This has been the European strategy: expand the geographical frontiers and help the development of new partners in order to have a larger market for the diffusion of new innovations.

A third theme of the session could relate to issues of the most recent literature on economic geography and the role of economic integration for development strategies.

PAPER SUBMISSION: RULES AND PROCEDURES

All researchers whose primary base is Europe and are associated with an European based research institution are eligible to submit papers to be considered for this conference. The deadline for the submission of papers (detailed abstracts will also be considered) is **March 31st**. The final selection of papers will be made by **April 15th**. The final versions of the papers must be delivered by **September 30th**.

Submissions of papers (or abstracts) should be accompanied by a statement declaring your nationality, your institutional affiliation, and your interest to present the paper in the conference indicating the session (or sessions, if the topic of the paper makes this appropriate) you would like your paper to be considered. Submissions should be sent to the following addresses (electronic submissions in pdf format are welcome):

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and also to the appropriate session organizer:

Session I: Macroeconomic dimensions of regional integration
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Session II: European Union enlargement and adjustment policies during the transition
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Session III: The impact of regional integration on economic convergence and growth
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The Steering Committee will make a decision on the selection of papers for the Annual Conference.

The authors' and invited discussants' travel expenditures (economy class) and per diems will be reimbursed by the IDB. Detailed guidelines explaining the logistics of the conference will be provided at a later stage.

Please circulate this call for papers among your colleagues and other potentially interested parties.

January 17, 2003