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LATINOAMERICANO
Y DEL CARIBE



Speech by Ambassador Javier Paulinich Permanent Secretary of SELA

Intra-Regional Relations

Webinar SELA: A new lost decade for Latin America and the Caribbean? Regional challenges
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First of all, I would like to welcome the experts who are with us today in this interesting seminar:

Dr. Adriana Arreaza – Director of Macroeconomic Studies at CAF-development bank of Latin America;

Dr. Juan Blyde – Leading Economist of the Integration and Trade Sector at the Inter-American Development Bank (IDB);

And Dr. Sebastián Nieto, Head of the Unit for Latin America and the Caribbean at the OECD Development Centre, who accompanies us today as moderator.

I would also like to welcome all participants who are connecting to this meeting today.

For Latin American and Caribbean countries, the 1980s was a period of great uncertainty and wide declines in their development processes. Stagnant income levels, increased poverty indicators, and widening social gaps named this time in the region's historical memory the "lost decade."

This crisis highlighted the weakness of countries' macroeconomic fundamentals and the need to build capacities in order to minimize the social costs of instability and drive sustainable recoveries.

To that end, structural reform agendas were implemented, the results of which reflected some progress, although the problems of low productivity, high informality and reduced participation in international trade circuits remain in place today.

Immersed in this challenging context for Latin America and the Caribbean, the COVID-19 pandemic bursts, forcing the closure of production centres globally and causing international supply chains disruptions.

As a result, the global economy is estimated to fall by -5% in 2020 with quite weak recovery prospects.

In the case of Latin America and the Caribbean, the situation is much worse. Figures from international organizations show that exports will fall by -32% in 2020, 15% of formal jobs will be lost and the regional economy will contract by -9.4%. This bleak picture represents the worst performance since the compilation of national account statistics began in the early 1950s.

Despite differences in its nature and magnitude, this situation evokes the aftermath of the 1980s crisis and raises alarms about the realization of a "new lost decade to Latin America and the Caribbean" between 2015 and 2025.

To prevent history from repeating itself, the region must renew its development strategies by addressing changes in the global economy and deepening its processes of digital transformation and internationalization. Thus, it can leave the pre-existing challenges behind and overcome those posed by the pandemic.

I am convinced that despite the serious difficulties and uncertainty that characterize the current context, this crisis can become a platform for consensus building to undertake the required changes.

In this regard, I invite you to reflect on the challenges facing Latin America and the Caribbean in this "new normality" and reconsider its role as a global player. To that end, we will have experts of

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extensive experience who will offer us their visions and perspectives, making emphasis on the opportunities that can arise from trade and regional integration.

Thanks a lot.