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Remarks at the Workshop “Geopolitical shifts and economic integration in Latin America and Europe”

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1 We live in a time of profound change and uncertainty

- The outlook for the global economy is clouded by uncertainty, given the policy drive of the US, including those coming from higher trade barriers, financial deregulation, energy policies, international migration, speculations about capital controls, financial repression of investors in the US, etc. and possible activist exchange rate policies.
- Uncertainty: different to that from COVID. Nowadays: Difficult to measure.
- Since April 2, clearer US policy drive, but still very high uncertainty=> e.g. retaliation.
- Uncertainty also stemming from financial channel=> represents a potential risk of liquidity restriction due to high dependence on the US for cross-border payments, remittances and the maintenance of international reserves.

2 The shape of transatlantic relations is evolving

- The former “rock-solid alliance” cannot be taken for granted anymore.
- Growing momentum for Europe-Latin America ties=> trade, finance.
- EU–Mercosur agreement is a sign of deeper, balanced partnership potential.

3 Banco de España acts as a bridge between the Eurosystem and Latin American central banks and institutions

- Banco de España participates in ASBA (Association of Supervisors of the Americas), CEMLA (Association of Central Banks from Latin America and the Caribbean).
- Collaboration with the World Bank’s Office of the Chief Economist for Latin America and the Caribbean for over a decade.
- Strong an increasing collaboration with central banks in Latin America.

4 The current juncture opens up opportunities in the EU and EU-Latin America relations

- Urgency to accelerate reform in the EU, deepen European integration and make it more effective to boost European productivity. Need for better capital flows within the euro area.
- Value in building trust and strategic dialogue across continents.
- Rapid, deep, and transcendental changes necessitate exchanging views, searching for answers, and providing action ideas.

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