



European Stability Mechanism



Call for Papers

Third joint Regional Financing Arrangements (RFAs) Research Seminar

Sovereign risks – detection and prevention

Luxembourg, 16 and 17 May 2019

Organisers: ASEAN+3 Macroeconomic Research Office, European Stability Mechanism and Latin American Reserve Fund

Host: European Stability Mechanism

Venue: 8 Rue du Château
6162 Bourglinster, Luxembourg

The ASEAN + 3 Macroeconomic Research Office (AMRO), the European Stability Mechanism (ESM) and the Latin American Reserve Fund (FLAR) initiated the Joint Regional Financing Arrangements (RFAs) research seminar in 2017 in Singapore. Since then, the RFAs, which represent the regional line of defence against economic crises, have organised this joint seminar annually. The aim of this seminar series is to encourage technical discussions on topics crucial to crisis prevention and resolution, which are the core mandate of the RFAs. At the last two seminars, RFA staff had in-depth discussions with academics, policymakers, and other practitioners on topics of common interest, such as the effectiveness of crisis-time liquidity provision, early warning systems, conditionality design vs. country ownership of financial assistance programmes, and the role of RFAs in regional economic integration.

Given heightened global risks related to trade tensions, geopolitical challenges, and economic and market uncertainties, our research seminar this year will focus on detecting, analysing, preventing, and tackling sovereign risks and how the Global Financial Safety Net, in particular its regional line of defence, can provide enhanced support. With this call, we aim to select a few novel research papers that can shed light on state-of-the-art methodologies for identifying sovereign risks and vulnerabilities. The authors of the papers selected will present their work at our joint research seminar and discuss the policy implications and applicability of their work to RFAs' daily operations with seminar participants. The audience is expected to be a mix of

academics, economists from central banks and finance ministries, representatives from RFAs, and the IMF, etc.

We are soliciting theoretical and empirical papers on sovereign risks to better understand how to detect, assess, and prevent or mitigate them. Potential topics of interest include (but are not limited to):

What are the most relevant sovereign risks for crisis management institutions to scrutinise in the short to medium run? What insights does recent academic work offer about the channels through which sovereign risks unfold?

- Increasing external/public debt and fiscal sustainability risks in advanced and developing countries
- Global imbalances and trade tensions
- Geo-political and political risks, including protectionism and populism
- Cross-country and cross-regional spillover from fiscal and monetary policies

How can one best detect sovereign risks? What new methodologies and models are available?

- Early warning indicators (financial, monetary, and external)
- External and fiscal sustainability analysis
- International reserves adequacy
- Rating agencies and their sovereign risk assessments

How could crisis management institutions better deal with sovereign risks? What are the policy implications?

- Stabilisation policies in crises, especially in an increasingly globalised but more indebted world
- The role of international organisations (global and regional) in preventing crises and safeguarding financial stability

Papers in related areas may also be considered.

The scholars wishing to present their work at the upcoming third joint RFA research seminar are invited to submit a complete manuscript or a draft paper at an advanced stage by 28 February 2019 to rfaseminar@esm.europa.eu.

Decisions regarding paper acceptance will be made by **15 March 2019**.

The organisers will cover the travel and accommodation expenses for those presenting papers.

Scientific and organising committee:

- Hoe Ee Khor, Chief Economist, AMRO ASEAN+3 Macroeconomic Research Office
- Rolf Strauch, Chief Economist, European Stability Mechanism
- Carlos Giraldo, Director of Economic Studies, FLAR Latin American Reserve Fund