

## Brazil and Ecuador Want to Do Without IMF and World Bank

Contributed by Mylena Fiori  
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Brazilian President Luiz Inácio Lula da Silva and his counterpart Rafael Correa from Ecuador discussed this Wednesday, April 4, the creation of a Southern Bank. In an interview after the meeting, Correa said the bank would be a financing instrument for governments in the region.

According to Correa, the institution would function as a Regional Monetary Fund, so Latin American countries would no longer need to request financial aid from the International Monetary Fund (IMF), from the World Bank, and from governments of wealthy countries.

"Latin America has approximately US\$ 200 billion in reserves invested abroad, mostly in the developed world. In other words, a poor region like Latin America is now financing the developed world, this is absurd," said Correa.

"If combined, these reserves can be a fund, which we called the Southern Bank, to finance governments in the region itself, so Latin America would not require external extraordinary financing," he said.

The presidential advisor for internal affairs, Marco Aurélio Garcia, confirmed that the Brazilian government considers as "good," with reservations, the idea of a financial institution for the region.

"So far, the projects that appeared for a Southern Bank had no technical consistency," he claimed.

According to him, Correa will propose a meeting for ministers of Finance, so the project can gain "technical consistency."

"Brazil defends the creation of a South American financial system, which also involves other issues, such as the agreement we reached with a Argentina for doing trade using domestic currency," Garcia claimed.

President Lula is interested in the project, according to Correa. "Lula showed interested in the idea. What he told me is that the concepts are a little bit confused," he said.

According to the president of Ecuador, a first draft of the Southern Bank, made by ministers of Economy from Ecuador, Bolivia, Argentina and Venezuela, forecasted a development bank.

"Such an institution already exists, it is the CAF [Andean Development Corporation]. The idea is to establish a Regional Monetary Fund, aimed at financing countries, and which should be a preamble to a future Central Bank, to be created when the entire region has an unified currency," said Correa, to whom Latin America must seek a regional currency.

The idea of a Southern Bank was launched in February by the governments of Argentina and Venezuela. Further on, Ecuador and Bolivia joined. Brazil and Paraguay participate as observers.

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