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PRESS RELEASE

EUROSYSTEM AND MEDITERRANEAN CENTRAL BANKS HOLD THEIR SEVENTH HIGH-LEVEL SEMINAR

Today the Eurosystem – comprising the European Central Bank (ECB) and the 17 national central banks of the euro area – and central banks of Mediterranean countries came together in Casablanca, Morocco, for their seventh high-level seminar. The seminar had been organised jointly by the ECB and Bank Al-Maghrib and was attended by governors and high-level representatives from the Eurosystem and the central banks of Algeria, Israel, Jordan, Lebanon, Libya, Mauritania, Morocco, the Palestinian National Authority, and Turkey, as well as by senior representatives of the European Commission and the European Investment Bank.

Abdellatif Jouahri, Governor of Bank Al-Maghrib, welcomed the participants by emphasising the importance of the dialogue between the Eurosystem and Mediterranean countries' central banks at the current juncture, as both regions were undergoing profound changes.

In his opening remarks, Mario Draghi, President of the ECB, underlined Europe's determination to develop a long-term vision for Economic and Monetary Union as well as the continued action at the national and European level to address current challenges.

Discussions focused on the following issues:

Economic and financial developments

Seminar participants reviewed recent economic and financial developments in their respective areas. Economies on the southern and eastern shores of the Mediterranean have been coping with the impact of internal and external shocks, such as uncertainties stemming from the processes of political change in the region and rising energy and food prices. Participants exchanged views on appropriate economic policy responses, particularly given the need to generate sustainable growth and create employment opportunities for the countries' growing labour forces. Recognising the importance of developments in the euro area for southern and eastern Mediterranean economies, on account of their close links,

participants reflected on the current challenges facing the euro area. They discussed recent policy initiatives in Europe, emphasising the need for decisive and comprehensive action to deepen fiscal and financial integration and deal successfully with the challenges of attaining higher growth with sustainable fiscal positions and a well-performing financial system.

Monetary policy implementation

Participants discussed operational frameworks for monetary policy in the Eurosystem and Mediterranean countries and shared their views on recent experiences and challenges in this regard. They discussed the non-standard measures taken by the Eurosystem during the crisis, highlighting the fact that, although central banks may offer temporary relief, they cannot replace governments' actions to address the root causes of the crisis. Participants also reviewed some of the specific issues confronted by southern and eastern Mediterranean countries, namely the conduct of monetary policy in a situation of excess liquidity in the banking sector, the move towards market-based monetary policy instruments, and the development of money markets.

Macro-prudential policies and financial stability

One of the key lessons of the global financial crisis has been the need for a macro-prudential approach to the financial sector that goes beyond ensuring the soundness of individual financial institutions. Participants were in full agreement on the need to establish sound macro-prudential frameworks and policies accompanied by the appropriate means to act. Participants discussed recent initiatives across countries to improve existing frameworks and address systemic risks more effectively, including the establishment of the European Systemic Risk Board. They also exchanged views on current challenges to financial stability in both regions, including those related to the euro area sovereign debt crisis.

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