

Annual Conference of Mediterranean Central Banks

Building Resilience in Uncertain Times: Safeguarding Financial Stability, Encouraging Investments

A View from the Mediterranean Countries

Conference organised by the Banco de España, the Organisation for Economic Cooperation and Development (OECD), the European Institute of the Mediterranean (IEMed), and Central Bank of the Republic of Türkiye

OECD Istanbul Centre for Global Relations

31 October 2022

PROGRAMME

09:00 Registration

09:30 Welcome words

Şahap Kavcıoğlu, Governor, Central Bank of the Republic of Türkiye

Pablo Hernández de Cos, Governor, Banco de España

Senén Florensa, Executive President, European Institute of the Mediterranean (IEMed)

Achraf Bouali, Head of the Regional Office of the OECD in Istanbul

09:45 Keynote Speech

Alvaro Santos Pereira, Acting Chief Economist and Director of the Country Studies Branch at the Economics Department, OECD

10:00 Session: “Assessing the impact of digital finance on financial and economic integration: risk, opportunities and challenges for Central Banks”

The increasing digitalization of today's society is bringing the world closer together, and the growing role of digital finance in our day-to-day activities is a clear boost in this direction. Adapting to new technologies and the widespread use of the Internet and smart phones may be challenging for both financial institutions and potential new entrants, but it also brings a range of possibilities. In the case of the former, it allows them to expand their service offer and reach new clients beyond borders. As for the latter, digital finance lowers entry barriers to the financial market and enables quick adoption rates. While all these changes may lead to further financial and economic integration, they also entail a risk of fragmentation both within a jurisdiction and across markets. Central Banks are faced with the challenge of adapting to this new situation when designing their policies and strategies, with central bank digital currencies

(CBDCs) being a case in point. This session will discuss about this new context and the ways Central Banks are addressing the challenges it poses.

- *What are the main issues that new entrants, both fintech and bigtech, pose to the financial and monetary system in general and to Central Banks in particular?*
- *What are some good practices that Central Banks could adopt when dealing with the different innovations in the financial system?*
- *As regards the particular case of wholesale CBDCs, what role could they play in promoting further economic and financial integration?*
- *As for retail CBDCs, how should they be designed in order to limit their impact on the international monetary system?*
- *To what extent could crypto-assets, and more particularly stablecoins, successfully complement CBDCs in deepening financial and economic integration? What are the associated risks?*
- *Is there a trade-off between reaping the benefits in terms of financial integration that stem from digital finance and keeping sovereignty over financial services?*

Chair: Pablo Hernández de Cos, Governor, Banco de España

Speakers:

Yannis Stournaras, Governor, Bank of Greece

Marouane El Abassi, Governor, Central Bank of Tunisia

Silvia Vori, Deputy Director General for Economics, Statistics and Research, Bank of Italy

11:30 Coffee break

12:00 Session: “Central Banks on the way out of the COVID-19 crisis but facing new global challenges”

While the epidemiological situation has progressively improved, central banks are facing new challenges in 2022. First, a surge in energy and food prices has increased inflationary pressures in most countries. Second, uncertainty about future economic developments has risen after the Russian invasion of Ukraine. In this context, central banks may face a trade-off between preserving favourable financing conditions, thus mitigating the impact of higher energy prices, and avoiding a deanchoring of inflation expectations.

- *What should be the role of central banks in the current environment characterized by higher inflation and renewed geopolitical tensions?*
- *How does the position of a country as an exporter or importer of energy change the challenges faced by its central bank?*
- *What lessons should be drawn from the experience of the energy crises of the 1970s?*
- *Which is the optimal set of central bank instruments to deal with the current environment?*

Chair: Şahap Kavcıoğlu, Governor, Central Bank of the Republic of Türkiye

Speakers:

Boris Vujcic, Governor, Croatian National Bank

Edward Scicluna, Governor, Central Bank of Malta

Saddek Omar Ali Elkaber, Governor, Bank of Libya

Mohamed Taamouti, Director of Economic Studies, Bank Al-Maghrib

13:30 Lunch

15:00 Session: Regional financial integration in the Union for the Mediterranean

The UfM-OECD **Progress Report on Regional Integration in the Union for the Mediterranean** monitors major trends and evolutions of integration in the Euro-Mediterranean region, using performance indicators to assess progress achieved in regional integration. The first edition of the report focuses on five domains: trade, finance, infrastructure, movement of people, research and higher education. Regarding **financial integration**, it acknowledges that full benefits from financial openness are possible only in the presence of policies that strengthen local financial markets and regulatory and prudential frameworks. Countries of the MENA and the Western Balkans can reap the benefits of a more effective implementation of the regulatory frameworks for investment, with a deepening of South-South and other sub-regional investment flows. The report also advocates the establishment of practical formal frameworks for the transfer of remittances to avoid losses to informal channels.

Participants are invited to provide comments and questions regarding the recommendations of the report and share their comments on ways to implement them.

Speakers:

Carlos Conde, Head of the Middle East and Africa Division, Global Relations Secretariat, OECD

Mohammed El Razzaz, Project Analyst at the Business Development and Employment Division, Union for the Mediterranean (UfM)

15:30 Session: “Investing in Sustainable Infrastructure and Connectivity to Foster Regional Value Chains”

Strengthening regional value chains (RVCs) has recently been put on the agenda of the Euro-Mediterranean cooperation, as a way to increase trade integration, enhance resilience through economic diversification, and support a sustainable growth in the aftermath of the COVID-19 crisis. However, much remains to be done to transform opportunities into realities, first and foremost addressing the limited connectivity and lack of investments in infrastructure. This session will explore ways to promote investment in quality and sustainable infrastructure, capitalising on tools such as the G20 Guiding Principles for Global Investment Policymaking. The focus will be especially on transport, logistics, ICT and energy, to boost the long-term competitiveness of the region and attract near-shoring investment.

- *How to fill the infrastructure investment gap in the Mediterranean? What are the good practices to be highlighted in this regard?*
- *What is the role of the public sector? To which extent can it mobilise investments in infrastructures in the current context of crisis? What should be the characteristics of infrastructure investments to boost connectivity in the region?*
- *How can de-risking instruments facilitate investments in quality and sustainable infrastructures?*

Chair: Roger Albinyana, Managing Director, European Institute of the Mediterranean (IEMed)

Speakers:

- **Blanca Moreno-Dodson**, Director, Center for Mediterranean Integration (CMI)
- **Tarek Tawfik**, President, American Chamber of Commerce in Egypt (AmCham Egypt)
- **Mamiko Yokoi-Arai**, Head of Unit and Deputy Head, Directorate for Financial and Enterprise Affairs, OECD
- **Mehmet Alper Batur***, Director General for Foreign Economic Relations, Ministry of Treasury and Finance of the Republic of Türkiye
- **Alessandro Gili**, Associate Research Fellow, Centre for Infrastructure and Business Scenarios, Istituto per gli Studi di Politica Internazionale (ISPI)

17:00 Coffee Break

17:15 Session: “Key Economic and Regulatory Preconditions for Productive Investments in the Mediterranean”

Although the investment needs in the region are enormous, many barriers continue to prevent the countries of the region from attracting the necessary investments to boost their economic and industrial development. Achieving improved economic governance that ensures a stable macro-economic environment is one of the key preconditions for investment. In addition and despite efforts to enhancing the business environment, several countries of the MENA region have important restrictions on foreign direct investment (FDI) as part of rigid regulatory frameworks with administrative and legal bottlenecks discouraging economic competition in some sector. Complex administrative procedures to establish and run businesses also discourage domestic investors. Tackling these barriers and establishing key economic and legal conducive environments are thus essential to help Mediterranean economies exit the crises and set the conditions for a sustainable growth.

- *What aspects of economic governance are key preconditions for attracting investments?*
- *How are business environments discouraging investments in the countries of the region?*
- *What are the priorities to improve investment policies?*
- *What are the reforms needed to strengthen enabling environments for Public-Private Partnerships?*
- *What are the best practices in the region? Is there scope for regional cooperation to strengthen regulatory frameworks that increase attractiveness for investments?*

Chair: Carlos Conde, Head of the Middle East and Africa Division, Global Relations Secretariat, OECD

Speakers:

- **Rym Ayadi**, Chair of the European Banking Authority – Banking Stakeholders Group (EBA-BSG). President, Euro-Mediterranean Economists Association (EMEA)
- **Hakim Ben Hammouda**, Executive Director, Global Institute 4 Transitions. Former Minister of Economy and Finance of Tunisia
- **Wissam Fattouh***, Secretary General, Union of Arab Banks (UAB)
- **Liisa Tanttari**, International Aid and Cooperation Officer, Unit NEAR.B2 Regional Cooperation Neighbourhood South, Economic Investment Plan, Economic Section, Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR), European Commission
- **Abeer Elshennawy**, Associate Professor of Economics, American University in Cairo

18:45 Closing session

Şahap Kavcıoğlu, Governor, Central Bank of the Republic of Türkiye

Senén Florensa, Executive President, European Institute of the Mediterranean (IEMed)