

Jean-Claude Trichet: Concluding remarks for the Euro-Mediterranean Seminar

Concluding remarks by Mr Jean-Claude Trichet, President of the European Central Bank, at the Euro-Mediterranean Seminar, Eurosystem and Mediterranean country national central banks, Naples, 14-15 January 2004.

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Distinguished guests, ladies and gentlemen,

To conclude today's seminar, may I say what a pleasure it has been for me to be here among such distinguished participants. This seminar has brought together governors and high-level officials from the central banks of Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Libya, Malta, Morocco, the Palestinian National Authority, Tunisia, Turkey and the Eurosystem, namely the European Central Bank and the national central banks of the euro area.

Let me tell you how impressed I have been to feel, together with all participants in this seminar, the presence of history. And not only recent history, but also ancient history. I was particularly impressed by the various geographic maps which were presented during the course of this seminar: maps going back to Roman times, illustrating the intensity of trade relations 2,000 years ago. I was also struck by how often historians were quoted during the course of this meeting, in particular Fernand Braudel, who had a very deep understanding of the historical development of the Mediterranean region in the period of Philippe II. And so when paving the way for enhancing and improving the future relationship between the Eurosystem and Mediterranean central banks, it is vital to take full account of all the close links that have developed among all of us over time.

It was noted that our seminar was living proof that the so-called "clash of civilisations" theory is a totally wrong and inappropriate concept; an absurd theory whose roots were probably to be found in times of economic hardship. One of us noted that another colloquium is being held this week by UNESCO entitled "The clash of civilisations will not happen". We all share that view and consider that we have all worked as efficiently as possible to create the environment of monetary and financial stability that is necessary for growth and job creation, which in turn helps to combat poverty and unemployment on all the shores of the Mediterranean.

Let me tell you that, for me personally, it was very moving to hear such remarkable speeches on the same issues from the central banks of Morocco and Spain, when one thinks of the historical links between the two countries; from Greece and Israel, which have both been at the roots of European culture; to hear the central bank of Tunisia, when thinking of the Carthaginian Empire; to hear the central banks of Turkey, Lebanon, the Palestinian Monetary Authority, Algeria, Cyprus, Malta, Jordan, Italy and France, to mention just some of the really remarkable contributions we had the privilege to listen to today.

I cannot help thinking that there is something in the European Union experience which could be of great interest to the non-European Union part of the Mediterranean area. Indeed, that experience could be of interest to others throughout the world, particularly where one has to cope with extremely difficult issues that are triggering acute conflicts of interest and that are impossible to solve by traditional methods. Jean Monnet had the wonderful idea of pooling conflicting interests and encouraging all partners to make it their common interest to jointly manage this new body of pooled interests, in the best possible way, through an independent multilateral institution. In this respect, I have found very interesting suggestions in Jean Monnet's memoirs as regards the eastern part of the Mediterranean.

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As you know, the ECB and the Eurosystem are young entities, but there is a long history of relations with monetary authorities in this region. Bilateral relations between the central banks of the euro area – for example the Banca d'Italia, our host and co-organiser of this seminar, which I would like to thank most warmly for the remarkable organisation of the present meeting, as well as of the central banks of the euro area Mediterranean countries – and national central banks on the southern and eastern shores of the Mediterranean have always been close.

What is new is that central banks of the region have now met in a multilateral framework, opening the way for a central banking dimension within the Euro-Mediterranean process, the so-called Barcelona process.

Today we have witnessed an extremely fruitful exchange of views on three topical issues: trade and financial links between the euro area and other countries around the Mediterranean; exchange rate regimes in the region; and the state of the banking and financial sector.

This candid, very professional, frank and exceptionally interesting exchange of views was particularly rich and useful from both a practical and operational standpoint. Among the provisional conclusions that I am tempted to draw after hearing the discussions, I would mention the following:

- We have a very large consensus on the importance of strengthening all links between our economies, with particular emphasis on trade and foreign direct investment as well as the financial sectors relationship. The idea of having an appropriate set of indicators to measure the progress in this domain was approved unanimously. Equally, we have a very large consensus on the need to run sound and wise monetary policies, to benefit from equally sound fiscal policies and to rely on good governance in all sectors of the economy.
- On exchange rate regimes, the exchange of views was particularly stimulating due to the great variety of experiences and regimes represented here. There was a large consensus on the fact that, whatever regime is adopted, success relies very much on the quality of the policies pursued, in particular monetary policy, fiscal policy and structural policies.
- On the banking system, we again had an extremely fruitful exchange of views. Good governance and solidity of the banking sector were unanimously considered as a fundamental precondition for sound and sustainable growth in all economies considered. Central banks have a fundamental role to play in ensuring as much monetary stability and financial stability as possible. The Basel II accord was also mentioned and it was stressed that this is designed for all economies in the world.

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Not only does today's seminar mark the end of a preparatory process that started a couple of years ago, but I am convinced that it also marks the start of a new multilateral dialogue between central banks in the region. While the mechanisms that will shape this process in the coming years still need some fine-tuning, with the necessary adaptations they may well mirror the ways in which the Eurosystem's relations have developed with other areas of the world, like central and eastern Europe, Latin America and East Asia. These relations are based on regular multilateral meetings at both the policy and expert levels.

Pursuant to such a scheme, high-level seminars at the policy level, co-organised by the ECB and a Eurosystem national central bank and held in different locations could be repeated every year. Meanwhile, expert-level workshops on different topics could also be held every year, as appropriate preparation for the high-level seminars, possibly beginning at the end of 2004. These events should be prepared by pooling knowledge on the economies of the region and encouraging contacts between the research departments of the Mediterranean region's central banks.

Let me also mention that in recent years there has been significant demand for technical assistance from central banks in Mediterranean countries. Several Eurosystem national central banks have responded with substantial programmes. To the extent that a coordinated effort by all Eurosystem national central banks may help to respond to further requests, the ECB will activate its task force of Eurosystem technical assistance experts to that end.

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Let me conclude by thanking once again Governor Fazio and the staff of the Banca d'Italia for their generous contribution and precious cooperation in organising this seminar. The impressive surroundings of the Capodimonte Royal Palace have certainly provided a stunning backdrop to our meeting. Moreover, I would like to thank His Eminence, Cardinal Giordano of Naples, the Minister for European Affairs, Mr Buttiglione, Members of the Italian Parliament, the President of the Campania Region Mr Bassolino, Mayoress of Naples Ms. Russo Jervolino and all our distinguished guests for their participation at the opening session.

Finally, I would like to thank all participants, and in particular my colleagues from our Mediterranean partner countries, for coming to Naples and discussing with us issues of common interest. We all know

that parts of this region are not free of tensions. Thus, your participation in today's meeting is a sign of professionalism to which I would like to pay particular tribute.

Thank you.