

Gent Sejko: Intensifying mutual cooperation between Albania and Turkey

Speech by Mr Gent Sejko, Governor of the Bank of Albania, at the signing of the Memorandum of Cooperation between the Bank of Albania and the Central Bank of the Republic of Turkey, Tirana, 6 November 2017.

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Honourable Governor Çetinkaya,

Your Excellency Ambassador Bayraktar,

Dear members of the delegation from the Central Bank of the Republic of Turkey,

Dear guests,

Ladies and Gentlemen,

I have the pleasure to have the Governor of the Central Bank of the Republic of Turkey, Mr Murat Çetinkaya, as our guest on a one-day visit to the Bank of Albania, on the occasion of the signing of a Memorandum of Cooperation.

This memorandum is an expression of our common will and desire to continue and intensify the mutual cooperation that has been already in place for years.

Opening addresses are supposed to be brief and I would rather not break with such tradition.

However, I find it appropriate to share with you some thoughts on: (i) the international context surrounding the signing of this memorandum; (ii) the current level of the bilateral relations between Albania and Turkey; and, (iii) the main aspects of future cooperation.

1. International context

Our institutions – the respective central banks – play a significant role in promoting and guaranteeing monetary and financial stability, supporting the sustainable development of our countries and the welfare of our citizens. The central banks draft, implement, monitor and assess their monetary, micro and macro-prudential policies against the backdrop of a highly integrated and interdependent global economy.

- ♦ On the one hand, integration bolsters economic growth, enabling a more efficient distribution of labour and capital, thus facilitating the transfer of knowledge and of technology, and promotes the adoption of best practices in economic and financial management.
- ♦ On the other hand, experience has shown that globalisation may spill over and amplify negative shocks among the countries, hence creating risks to financial stability, which interfere with central bank mandates.

The experience of Albania during the transition period and onward perfectly illustrates these aspects. The Albanian economy has benefited from integration with the global economy; but, recently, we have also been under the pressure from consequences that some of our trading partners experienced due to the financial crisis.

Therefore, our response functions have become increasingly complex, relating not only to the adjustment of the domestic product, labour and capital markets to external shocks, but also to the performance of international markets. This reality requires us to be heedful of international developments, and seek common solutions for the challenges we are facing.

The cooperation, coordination of policies and strengthening of effective dialogue between central banks is an indispensable requisite for drawing advantages from the opportunities arising from economic, financial and technological integration, and enhancing the immunity against the relevant challenges.

2. Economic and financial integration among our countries

Our countries have many things in common – these elements are more than sufficient to build and consolidate bridges of cooperation. Turkey is an important market for Albania and its economy.

To illustrate my point:

- ♦ Turkey is Albania's fourth trading partner and its sixth investment partner.
- ♦ In the services sector, Turkey is an important destination for Albanian tourists; on average around 80 thousand Albanians travel to Turkey, whereas Albania has welcomed around 69 thousand Turkish travellers in 2016 and 38 thousand travellers over the first six months of 2017.
- ♦ At present, 429 joint-venture companies operate in Albania and Turkish investors have a great interest in Albania. The stock of foreign direct investments from Turkey amounts to around EUR 481 million, or around 4.3% of the Gross Domestic Product at the end of the first half of the current year. These investments are mainly concentrated in areas such as: energy, metal processing, telecommunications and finance.
- ♦ The presence of the Turkish capital in the banking and financial sector. One of the main banks in our banking system has Turkish capital. Recently, in addition to the classical banking activity, the Turkish capital has expanded to non-bank financial institutions, thus helping deepen and develop alternative financial markets.

Both our countries have great economic and financial potential, which should not be limited within their geographic territories. The Bank of Albania is an active supporter of financial and economic integration, considering it as one of the most important pillars to release the potential of the economy and boost its resilience to shocks.

3. On the Memorandum

All the above, underlines the great importance of our economic and financial cooperation with Turkey. This cooperation imposes even us – the policy makers – to intensify the exchange of information and opinions, and seek to promote the finding of common solutions to common challenges.

In this spirit, the Bank of Albania and the Central Bank of the Republic of Turkey are signing today this Memorandum of Cooperation, which may be well considered as the coronation of the insofar cooperation, as well as of our efforts to continue with drafting the relevant institutional framework for clarifying the operational cooperation protocols, in a series of central bank fields.

This memorandum elevates the relations between our two countries to a new dimension. It confirms the will to elevate the level of cooperation and consolidate the ties between the two countries, providing for both institutions the necessary space for the intensification of mutual exchange of information and expertise in various fields of central banking, such as: supervision, financial stability, research, and financial education, and the regular dialogue at technical and political level. It is an important step for obtaining maximum benefits from the positive effects of integration and minimising the negative ones.

Lastly, I would like to underline that the Bank of Albania will make maximum efforts for the cooperation in the framework of this agreement to be concrete and have a direct impact.

Concluding, on behalf of the Bank of Albania, allow me to thank once again the Central Bank of the Republic of Turkey for the continuous fruitful cooperation; I would also like to thank, in particular, Governor Çetinkaya, who has honoured us today with his presence at the ceremony of signing the Common Memorandum.

Thank You!