

# report

## **BUILDING RESILIENCE IN UNCERTAIN TIMES: Safeguarding financial stability, encouraging investments**

A view from the mediterranean countries

REPORT No. **34**  
February 2023  
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7<sup>th</sup> Conference of the Governors of Mediterranean Central Banks organised by the Banco de España, the Organisation for Economic Cooperation and Development (OECD), the European Institute of the Mediterranean (IEMed) and the Central Bank of the Republic of Türkiye



On 31 October 2022, the Banco de España, the Organisation for Economic Cooperation and Development (OECD), the European Institute of the Mediterranean (IEMed) and the Central Bank of the Republic of Türkiye co-organised the VII Conference of Mediterranean Central Banks at the OECD Istanbul Centre for Global Relations, Türkiye.

After the success of the last six conferences held in Barcelona (2014, 2017), Rabat (2015), Tunis (2018), Madrid (2019) and online (2021), this seventh edition marked the return to an in-person format hosted for the first time in an

Eastern Mediterranean country, Türkiye. The conference counted with the participation of nine central banks from the Euro-Mediterranean region, including seven governors, as well as representatives of the OECD, the European Commission, the private sector and research centres.



Over the last years, the conference of Mediterranean Central Banks has become a reference among the fora for dialogue and cooperation on economic and financial issues in the Euro-Mediterranean region. It has provided the opportunity to foster a much-needed comprehensive dialogue between governors and high representatives of central banks from both shores of the Mediterranean region, and connect them to policymakers, representatives from the private sector and the academia to discuss the main economic and financial issues of concern in the region.

This year, the organisers welcomed participants to the conference, emphasising the importance of collaboration between central banks to ensure financial stability and fight inflation in a context marked by the extraordinary uncertainty and volatility surrounding the global economy. After two years of pandemic resulting in the worst economic downturn since the Great Depression, the war in Ukraine had exacerbated economic challenges, including persistent inflation, tighter financial conditions and growth slowdown.

Against this background, designing consistent monetary and fiscal policies has proven to be particularly challenging for central banks and governments. While

the former had taken actions to reduce inflationary pressures and diminish risks of disruptions in financial markets, the latter were called to support businesses and households in a delicate balancing act to avoid amplifying inflationary pressures and deepening fiscal imbalances. Governors and high representatives of central banks discussed the monetary policymaking in this environment of uncertainties.

Uncertainties have been also increasing as the digitalisation spread in the financial sphere. Digital financial innovations may bring some threats, but they can also be turned into opportunities if regulations are in place. The needed cooperation on crypto-currencies was debated and different views on central bank digital currencies (CBDCs) were exchanged by governors and central banks' representatives.



Later on, experts from international organisations, the private sector, and the academia were invited to address the other theme of the conference: in this context of uncertainties, how to encourage investments in the Euro-Mediterranean region. For that, participants highlighted the shortcomings to be addressed to increase the flow of investment into sustainable infrastructure that strengthen connectivity in the region, proposing adequate policies and highlighting best practices. Finally, participants were asked to identify and share solutions to establish the key economic and regulatory preconditions to encourage the productive investments in the region.

## Navigating challenging economic and financial waters in the Mediterranean

Alvaro Santos Pereira, acting Chief Economist and Director of the Country Studies Branch at the Economics Department of the OECD, highlighted the challenges faced by the global economy due to the ongoing COVID-19 pandemic, the global energy crisis, and the war in Ukraine. He emphasised that these challenges have resulted in slowing growth rates and inflationary pressures, with the Mediterranean region being hit particularly hard.

According to the OECD's latest projections, global growth was expected to be around 3% in 2022 and only 2.2% in 2023. The MENA region was expected to keep growing, but at a reduced pace and with social risks. Inflation was projected to ease in G20 economies, but with very heterogeneous fundamentals.

To address these challenges, Alvaro Santos Pereira suggested that targeted measures and temporary fiscal policies should be implemented to help the most vulnerable, while avoiding worsening inflationary pressures and not threatening fiscal sustainability. Targeting food subsidies to the most vulnerable and part of the middle class should be a priority in some Mediterranean countries, but this is obviously extremely difficult in times of high volatility. Indeed, many countries around the region are tempted to go for significant fiscal packages due to the high prices of energy and food. Some Mediterranean countries have very limited fiscal space, and international support from organisations will help to avoid a balance of payments crisis.



In this context, opportunities to exit the crisis exist. Alvaro Santos Pereira highlighted the prospects provided by the energy crisis for additional cooperation around the Mediterranean. Diversification of gas supply, exploring new fields, and attracting new investments are some of them, in parallel with accelerating the energy transition towards more renewable sources. Making energy supply lines more interconnected across the Mediterranean can also make supply more resilient and less volatile. The same goes for electricity, with a lot to gain from cooperation. Institutional reforms are necessary to create a better business environment, especially tackling informality and corruption would be important in the eyes of international firms.

In terms of boosting economic growth and improving living standards, Santos Pereira suggested that making growth more inclusive requires bold structural reforms. Public tenders, public market regulations, banking reforms, and improving the education and vocational training sector are some of the key areas that need to be addressed. In some countries, informality is still dragging productivity down and making growth less inclusive, as well as being a burden on public finances.

Lastly, many Mediterranean countries have a gender gap in participation, employment, pay, and education. Addressing this gender gap through education for women, childcare infrastructures, and equal pay efforts in the workplace is an opportunity. Gender equality has great potential to tap on to grow faster and in a more sustainably and inclusive way.

Alvaro Santos Pereira concluded by emphasising the need for multilateral cooperation in the Mediterranean to promote inclusive growth, better standards of living, and a more resilient growth.

### **Assessing the impact of digital finance on financial and economic integration: risk, opportunities and challenges for Central Banks**

In recent years, the financial landscape has undergone a remarkable transformation fuelled by the relentless evolution of digital finance. As our daily lives become increasingly intertwined with digitalisation, financial services have

seamlessly adapted to a global trend, significantly reshaping economic structures and market dynamics. This insightful session delved into the multifaceted challenges and opportunities emerging from this digital revolution, emphasising the critical need to comprehend and respond dynamically to the evolving financial services landscape. The overarching goal is to safeguard financial stability while fostering financial inclusion and integration.

### **The Disruptive Power of Digitalisation**

The discussion underscored the transformative potential of digitalisation, incorporating cutting-edge technologies such as artificial intelligence (AI) and big data. This not only presents opportunities to reshape the financial sector but also plays a pivotal role in promoting financial inclusion and contributing to economic regional integration. One of the key points highlighted was how digital finance brings about efficiency gains, faster payment systems, heightened competition, and the introduction of innovative products and services. As a result, financial inclusion can be significantly enhanced through easier access to digital financial tools and new business opportunities are generated, including in neighbouring and international markets. These outcomes, in turn, contribute to fostering economic integration not only at a regional level but also on a global scale.



Drawing from the Tunisian experience, the session showcased a successful implementation of digital transfer solutions to serve vulnerable households during

the COVID-19 pandemic. This real-world example illustrated the positive impact of digital innovation on addressing pressing challenges and contributing to financial resilience.

### **Challenges and Risks**

However, the transformative power of digital finance is not without its challenges and risks. Concerns were raised about the concentration of dominant players, the disruption of traditional providers markets leading to fragmentation, the potential loss of control over service delivery, and difficulties in ensuring compliance with and updating regulations made obsolete by the pace of innovation. Increased reliance on third and fourth parties, including cloud and data service providers, introduces operational, financial, legal, and reputational risks. The discussion also delved into the heightened cybersecurity risks, necessitating cooperative oversight and robust crisis management frameworks. Cryptoassets and decentralised finance were identified as areas raising concerns about financial stability, market integrity, investor protection, and potential contagion across borders.

### **Adopting a Proactive Approach**

In light of these challenges, the session emphasised the pivotal role of central banks and regulatory authorities in navigating the evolving digital finance landscape while ensuring financial stability and preserving market integrity. The need for enhanced understanding of industry changes, effective policymaking, and the cultivation of relevant capabilities were underscored as critical factors. To that end, central banks were encouraged to actively participate in facilitating initiatives, innovation hubs, and regulatory sandboxes to foster sound operating models and address the complexities of digital finance. Collaboration and dialogue with new operators and technology providers, including outside of the regulatory perimeter, were considered crucial in that context.

Disruptive technologies and their exploitation by financial and non-financial actors have highlighted the limitations of the existing regulatory frameworks. Fragmented legislation or regulations gaps need to be addressed by central

banks in an effort to adapt the supervisory and regulatory stance through a proactive strategy. In that context, international cooperation was a recurring theme in order to avoid diverging or contradictory regulations across jurisdictions and sectors, develop common frameworks for regulation, supervision, oversight of crypto-assets market and services, standardise definitions and data reporting, as well as for global stable coins. The works done under the G20, as well as the Financial Stability Board (FSB) provide foundations for consistent and coordinated approaches. Cybersecurity should also feature high on the agenda of international financial authorities to promote the building of cyber resilience, cooperative oversight and crisis management.



### **The Introduction of CBDCs**

The discussion culminated in a deep dive into the realm of Central Bank Digital Currencies (CBDCs) and the future of money. Central banks globally are exploring the design and implementation of CBDCs to strengthen monetary sovereignty, enhance wholesale and retail payments, and address the evolving nature of money. The considerations surrounding CBDCs include complex factors such as financial stability, privacy, legal frameworks, global cooperation, and the role of public-private partnerships. The ongoing Euro system's exploration of the digital euro project was highlighted, emphasising potential benefits in supporting a digital financial system and the careful consideration of technological infrastructure, including options like distributed ledger technology (DLT) and interoperability with DLT-based market infrastructures. Tunisian and Turkish experiences were also shared during the

session, highlighting the need to tailor the design of CBDC to meet the specific needs and reflecting countries' circumstances.

## Central Banks on the way out of the COVID-19 crisis but facing new global challenges

The session focused on the complex economic landscape that central banks must navigate as they emerge from the pandemic. As economies recover, central banks are faced with the dual challenge of managing inflation and sustaining growth in a highly uncertain global environment.

### Stagflation and Monetary Policy Dilemmas

The discussion highlighted the difficulties posed by a period of stagflation, where economies are experiencing stagnation alongside persistently high inflation. In 2021, central banks successfully rebounded from the pandemic with strong growth and low inflation. However, the situation has drastically changed in 2022, with growth forecasts for 2023 revised downward due to ongoing geopolitical conflicts, particularly in Ukraine. This shift has made monetary policymaking more challenging, as central banks must balance their primary goal of price stability with the slowing economy. Early tightening of monetary policies by several non-Euro EU countries has led to significant increases in interest rates, influencing bond yields and tightening financing conditions. Additionally, the wide range of inflation rates across Europe, from 6.5% in some countries to as high as 25% in others, presents further challenges in achieving price convergence in the coming years.



## **Balancing Inflation Control and Recession Avoidance**

The session also explored the sharp trade-offs central banks face between controlling inflation and avoiding a recession. There was a consensus that decisive action is necessary to prevent inflation from becoming entrenched, despite the risks of triggering an economic downturn. The discussion emphasised the complications arising from expansionary fiscal policies, which, while politically driven to address social pressures, could undermine the efforts of monetary tightening. This situation mirrors the challenges of the 1970s stagflation, although today's institutional context adds a layer of complexity to central banks' decision-making processes.

## **Challenges for Emerging Markets and Central Banks**

Emerging markets, particularly those reliant on energy exports, face unique pressures in the current global environment. The discussion highlighted how the depreciation of international currencies against the dollar has increased market volatility, complicating the efforts of central banks to maintain financial stability. The need for coordination between monetary and fiscal policies was underscored, especially as central banks in these regions navigate the challenges of supply shocks and inflationary pressures.

## **Global Shocks and the Adaptation of Monetary Policy**

The speakers also addressed the impact of successive global shocks, such as the pandemic and the war in Ukraine, on monetary policy frameworks. It was noted that these events have accelerated economic fragmentation and led to persistent inflation, defying initial expectations of transience. This has complicated the calibration of monetary policies, particularly in emerging markets, where inflation is driven more by supply shocks than demand pressures. The importance of clear communication and data-driven decision-making in the face of high uncertainty was emphasised, along with the need to balance fiscal and monetary policies to avoid fiscal dominance.

## **Ensuring Financial Stability Amid Rising Interest Rates**

The session concluded with a focus on the importance of maintaining financial stability in the face of rising interest rates and potential debt burdens. Central banks

were urged to remain vigilant and ensure that their policies are flexible enough to address any potential side effects of policy normalisation. The need for greater international cooperation was also highlighted to prevent financial stability risks from materialising and to manage the global economic challenges ahead.

Overall, the session underscored the critical role of central banks in guiding their economies through the post-pandemic recovery while managing the new challenges posed by inflation, geopolitical tensions, and economic fragmentation. A delicate balance between monetary and fiscal policies, clear communication, and international cooperation were identified as key to ensuring a stable and sustainable global economy.



### Financial Regional Integration in the Mediterranean

The session presented a comprehensive analysis of the progress and challenges in regional integration within the Union for the Mediterranean (UfM). This session was informed by a detailed report produced jointly by the OECD and UfM, which aimed to measure the level of integration across various policy areas and identify the necessary actions to enhance integration in the region.

The report focused on five key domains: trade, finance, infrastructure, movement of people, and research and higher education. Each of these areas was assessed using a range of indicators to gauge the progress of integration across the Mediterranean region. However, the data quality and availability varied significantly

across countries, presenting challenges in creating a cohesive picture of regional integration.

### **Trade Integration**

The findings indicated that the Mediterranean region has made some progress in trade integration, both in final products and in intermediate goods within regional value chains. However, despite these advances, the region remains one of the least integrated globally. Several barriers continue to impede further integration, including complexity in dealing with multiple trade agreements, non-tariff obstacles, inadequate regulatory frameworks, and insufficient transport and logistics infrastructure. The report underscored the need for more diversified economies, particularly in the southern Mediterranean, to enhance trade opportunities and integration.

### **Infrastructure and Connectivity**

Significant gaps in infrastructure and connectivity were highlighted, especially in Southern and Eastern Mediterranean (SEMed) countries. While there have been efforts to build transport and energy networks, the investment levels are still inadequate to meet growing connectivity needs. The report called for increased cooperation among governments to ensure quality, compatibility, and interoperability of infrastructure across the region, which is particularly crucial in the context of the current energy crisis.

### **Movement of People**

Movement of people remains a complex issue, often treated as a security concern. However, there have been some improvements, such as in visa procedures. The report emphasised the need for a more comprehensive policy approach that better connects labour markets, education, and tourism. This would not only facilitate movement but also enhance the economic and social integration of the region.

### **Research, Higher Education, and Innovation**

In the realm of research and higher education, the region faces significant challenges in fostering integration. The report pointed out that domestic policy

readiness is a critical precondition for higher levels of integration. There was a strong call to prioritize scientific cooperation, particularly in environmental sciences and innovation, as the region faces the pressing challenges of climate change.

### Financial Integration

Financial integration was examined through three main areas: financial market development, investment-related indicators, and interregional remittances. The report found significant disparities in financial development across the region. For example, some SEMed countries, such as Egypt, Jordan, and Morocco, are performing better in terms of financial access compared to other countries with similar or higher incomes. However, the report stressed the importance of strengthening local financial markets in these countries before pushing for deeper integration, to avoid potential economic disruptions.

It was noted that banking integration, while nascent in some SEMed countries, has seen progress with policies promoting cross-border bank penetration. Yet, disparities remain, and the report suggested that with an appropriate macroprudential framework, increased banking integration could enhance the efficiency and stability of domestic financial structures.



The report noted that EU countries are the primary sources and recipients of Foreign Direct Investment (FDI) within the region. However, there is significant untapped potential in the Western Balkans and SEMed regions, particularly in South-South investments. High restrictions on FDI, especially in service sectors, continue to be a barrier. The report also highlighted the importance of remittances in MENA and Western Balkans countries, noting the high costs associated with sending remittances and the prevalence of informal channels. It was recommended to promote international cooperation to create frameworks that would facilitate the transfer of remittances through formal channels, making them more beneficial for the receiving economies.

The session concluded with a discussion on moving from analysis to implementation. There was a call to improve information sources, as data remains unbalanced across the region. The need for coordinated actions at both the multilateral and country levels to promote dialogue, exchanges, and collective improvement was highlighted. Enhancing regional integration in the Mediterranean is seen as crucial for unlocking the region's economic potential and addressing its socio-economic challenges.

### **Investing in Sustainable Infrastructure and Connectivity to Foster Regional Value Chains**

As stressed in the previous session, infrastructure is critical in enhancing regional integration within the Mediterranean. Developing sustainable infrastructure to support economic growth, foster regional value chains, and enhance connectivity between Mediterranean countries is of paramount importance.

#### **Infrastructure Connectivity**

Infrastructure connectivity is a top priority for both the Union for the Mediterranean (UfM) and the European Union's Southern Neighbourhood policies due to its significant impact on regional integration. Improved infrastructure can help Mediterranean economies better integrate into global and regional value chains, transforming their peripheral roles in the global economy. Successful examples from Spain, Portugal, and Italy were cited, where significant

investments in public capital goods have led to better integration into both regional and global value chains. Enhanced transport and energy connectivity not only improves access to essential services like employment, education, and health but also boosts productivity and promotes broader economic and social development.

### **Challenges in Infrastructure Development**

Despite the clear benefits, the Mediterranean region faces considerable challenges in realising these infrastructure improvements. The region's infrastructure remains relatively underdeveloped when compared to other regions, particularly in Southern and Eastern Mediterranean (SEMed) countries, where connectivity is fragmented and over-reliant on road transport. Energy integration is also in its early stages, and promoting competition and reducing entry barriers could attract more investment in electricity generation and distribution networks, which are currently highly fragmented.

### **Sustainable Infrastructure Definition**

The session focused on the importance of defining and understanding sustainable infrastructure. Currently, there is no universally agreed-upon definition, leading to issues like greenwashing in sustainable finance. The OECD highlighted the need for better data collection on infrastructure, particularly in emerging markets like Africa and Latin America, where data is severely lacking. A clear definition and better data would help investors assess risks and returns more accurately, making it easier to finance sustainable infrastructure projects.

### **The Role of Regional Value Chains**

The reconfiguration of value chains in the Mediterranean region was also addressed by a speaker, especially in the aftermath of the COVID-19 pandemic and the war in Ukraine. These events have put forward discussions about near-shoring, where companies relocate production closer to their markets to reduce risks associated with global shocks. The Mediterranean region, particularly countries like Türkiye, Egypt, and Tunisia, stands to benefit from this trend, provided they can improve their infrastructure and industrial bases. Investments

in rail and port infrastructure were highlighted as crucial for creating efficient commercial corridors and boosting the region's participation in global value chains.



### **Energy Integration and Renewable Opportunities**

Energy integration emerged as a pivotal area for regional cooperation, especially given Europe's current energy supply challenges. The Mediterranean region, with its potential for renewable energy production, particularly green hydrogen, could play a significant role in Europe's energy strategy. However, realising this potential requires substantial investments in both physical infrastructure and regulatory frameworks to facilitate energy trade and integration between the northern and southern shores of the Mediterranean.

### **Financing Infrastructure and the Role of the Private Sector**

The discussion emphasised the critical need for financing to bridge the infrastructure gap in the Mediterranean. Public sector resources alone are insufficient, and there is a significant need to attract private sector participation. The use of Public-Private Partnerships (PPPs) was identified as a viable solution to unlock the necessary investments. Turkey's experience with PPPs, where 225 projects worth \$125 billion have been implemented over the past three decades, was presented as a model that could be replicated in other Mediterranean countries.

### Global Competition and Geopolitical Implications

Speakers also touched on the geopolitical implications of infrastructure investment, particularly in the context of competition between global powers like China and the G7. China's Belt and Road Initiative has seen substantial investments in the Mediterranean, particularly in transport and energy infrastructure. In response, the EU and other Western nations have launched initiatives like the Global Gateway and the Partnership for Global Infrastructure and Investment to boost infrastructure development and connectivity in the region. These initiatives aim to provide an alternative to Chinese investments and ensure that infrastructure development aligns with global sustainability goals.

### Conclusion and Recommendations

The session concluded with a call for greater cooperation and harmonisation of regulations across the Mediterranean to facilitate infrastructure investments. There was a consensus that the region is at a critical juncture, with significant opportunities to enhance regional value chains and integrate more deeply into the global economy. However, realising these opportunities will require coordinated efforts to improve infrastructure, attract private investment, and ensure that development is sustainable and inclusive. The discussions underscored the need for a balanced approach that combines public and private sector efforts, supported by international cooperation and a clear regulatory framework.



## Key Economic and Regulatory Preconditions for Productive Investments in the Mediterranean

While the Mediterranean has long recognised the importance of foreign and domestic investments, the region continues to face significant barriers that hinder its full potential. In this session, a panel of experts explored the structural and policy reforms necessary to attract and sustain productive investments in the region.

### Challenges in Attracting Investments

Despite efforts by Mediterranean countries to improve legislation and governance, including the establishment of investment promotion agencies and other institutional reforms, the region still struggles to attract the level of foreign direct investment (FDI) it needs. FDI flows to the Middle East and North Africa (MENA) region declined by 27% in 2020 due to the COVID-19 pandemic, and the recovery has been slow, reflecting persistent instability in financial markets.

The conversation acknowledged that regional instability, high-risk premiums, and inadequate infrastructure are major deterrents to both foreign and domestic investment. There is a need for new policies to reduce obstacles to investment and to promote economic stability, which in turn will boost investor confidence.

### Building Resilience Amid Uncertainty

The discussion highlighted the importance of resilience in the face of global uncertainties. The economic models of the past, designed for pre-pandemic conditions, are no longer applicable, and countries must adapt to build buffers for both financial and social stability. These buffers are essential to ensuring long-term resilience, particularly in the face of climate change and ongoing geopolitical challenges. Sustainable investments, particularly in renewable energy and agriculture, were highlighted as crucial sectors for future growth.

Participants noted the importance of ensuring that investments comply with environmental, social, and governance (ESG) standards to align with the net-zero carbon emissions goals. The shift to sustainable and impact-driven investments,

which focus on job creation and technological advancement, is key to securing long-term economic growth.

### **Reforming the Financial Sector**

A critical component of the discussion was the need to improve the financial sector to better support investments. Guarantee mechanisms, such as those used in the Eurozone, were recommended as a way to stabilise economic sectors and make investments more attractive to private investors. However, the high levels of debt in many Mediterranean countries present a challenge to implementing such mechanisms.

Public and private investors require political and economic stability, along with strong governance frameworks, to feel confident in investing. The speakers called for a stronger focus on three core areas: institutional stability, monetary and fiscal stability, and social sustainability. By addressing these areas, countries in the region can reduce poverty, inequality, and unemployment while also promoting environmental sustainability.

### **Strategic Approaches to Investment**

The discussion also touched on the need to reassess current investment strategies, particularly in light of missed opportunities during the pandemic. Sectors such as digital banking and financial inclusion, which could have expanded during lockdowns, were underutilised. Moreover, investments in renewable energy and the digital economy are still not fully capitalised on, despite their potential to drive economic growth.



The focus on real estate development in the region, while important, has not been matched by financial support for individuals to access these properties, creating a gap between infrastructure development and economic inclusion. A participant called to shift attention from traditional investment strategies to more innovative approaches, such as digital finance and emerging industries like renewable energy and cryptocurrency.

### **The Role of Public-Private Partnerships and International Cooperation**

Public-private partnerships (PPPs) were identified as a key mechanism for mobilising investments in infrastructure and other strategic sectors. The session emphasised the need for international cooperation, particularly with multilateral organisations, to provide the necessary financial backing and technical assistance. The European Fund for Sustainable Development Plus (EFSD+) was mentioned as an example of how guarantee schemes can de-risk investment environments and attract private capital to high-impact sectors.

The session also highlighted the importance of aligning investment strategies with the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. By doing so, Mediterranean countries can ensure that their investments contribute to sustainable, inclusive, and resilient growth.

### **Conclusion and Recommendations**

The session concluded with a call for Mediterranean countries to adopt a more coordinated and strategic approach to economic reforms. A key recommendation was to prioritise political and institutional support for reforms, as these are essential for creating a conducive environment for investment. The challenges posed by high levels of debt, regional instability, and the evolving global economic landscape require a concerted effort to address both short-term shocks and long-term structural issues.

The Mediterranean region has significant potential for productive investment, but unlocking this potential requires addressing key economic and regulatory barriers, promoting sustainability, and ensuring greater coordination between public and private sectors.

## Conclusions

The VII edition of the annual conference of Mediterranean Central Banks was a highly productive and timely gathering addressing crucial issues facing the region amid global uncertainties. The conference was one of the first major meetings held at the new OECD Istanbul Centre for Global Relations, a venue expected to make substantial contributions to regional and global economic research.



Participants recognised the progress made in addressing common concerns, emphasising the importance of collaboration among central banks in maintaining macroeconomic stability. The discussions highlighted the dangers of failing to manage economic challenges, which could lead to severe social and political crises. The consensus was that overcoming these challenges requires collective efforts, particularly as some signs tend to indicate a transition from globalisation to regionalisation.

The conference underscored the value of strengthening ties between Mediterranean countries, both on the northern and southern shores, to navigate

this period of change and build a more resilient future. The event was lauded for its growing effectiveness and the increasing value it brings each year. The shared experiences and policies discussed are seen as vital tools for guiding the region through current crises and into a more integrated and stable future.

The Central Bank of the Republic of Türkiye, along with the OECD Istanbul Centre, were thanked for their hospitality and efforts in making the conference a success. The event reaffirmed the critical role of central banks in fostering economic stability and the importance of continued collaboration in challenging times.

