

**International Arab Banking Summit 2006**

**Euro-Arab Dialogue  
on Finance &  
Investment**

*Toward the 2010 EuroMed Free Trade Area*

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June 28, 2006

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## **A. INTRODUCTION**

- **The Euro-Med Partnership declaration in Barcelona Conference on 27/28 1995 Article III stipulates among other things:**

**“ The establishment of a free trade area in accordance with the principles contained in the Barcelona Declaration” is an essential element of the Euro-Mediterranean**

## **A. INTRODUCTION**

- **Cooperation will focus on practical measures to facilitate the establishment of free trade, as well as its consequences:**
  - **Harmonizing rules & procedures in the customs field**
  - **Harmonizing standards**
  - **Eliminating unwarranted technical barriers to trade**
  - **Possibilities of regional cooperation**

## **B. REGIONAL CHANGES DURING THE PAST 15 YEARS IN THE FINANCIAL SERVICES INDUSTRY**

- **Banking Reforms in every country around the Mediterranean, that is, Deregulation or Reregulation:**
  - **With respect to minimum Capital required**
  - **Recommendations made by the Basel II, regarding CAR, Risk management & Compliance, etc.**
  - **Fight against money laundering & Financial Action Task Force recommendations**
  - **Mergers & Acquisition Laws**

## **B. REGIONAL CHANGES DURING THE PAST 15 YEARS IN THE FINANCIAL SERVICES INDUSTRY**

- **Privatization plans & Banking sector consolidations in Egypt, Lebanon, Turkey, Libya, Algeria, Tunis & Morocco**

## **B. REGIONAL CHANGES DURING THE PAST 15 YEARS IN THE FINANCIAL SERVICES INDUSTRY**

- **Cross-Border Acquisitions & Mergers in a few countries such as Turkey, Egypt, Tunis, Lebanon, as well as mergers & acquisitions on national levels in Spain, Morocco, France, Italy, Turkey, Greece, Egypt, Lebanon.**
- **Along with the modernization of banking systems, one has to think also about the question of the security printing of bank notes to avoid forgeries, be more independent and introduce newest technologies of currency printing.**

## **B. REGIONAL CHANGES DURING THE PAST 15 YEARS IN THE FINANCIAL SERVICES INDUSTRY**

- **These reforms are excellent intentions and they give rise to new Opportunities & Challenges to the EuroMed countries to increase and strengthen their ties amongst**

## **C. THE PRESENT EXPORT/IMPORT SITUATION BETWEEN EUROPE & MENA COUNTRIES**

- **Free Trade Area refers to liberal exports and imports within the EuroMed area. However, statistical figures show that all the MENA countries are exposed to a general deficit in their balances of trade (see figures).**
- **Oil & gas exports from Algeria & Libya & partly from Egypt, reduce the burden of trade deficits.**
- **Fortunately also, Morocco's and Tunisia's economies give better chances for the realization of the free trade area.**

# C. IMPORTS AND EXPORTS\* FROM AND TO SELECTED EUROPEAN MARKETS FROM MEDITERRANEAN ARAB COUNTRIES

(In millions of US\$)

Import / Export	UK		France		Italy		Germany		Spain		Turkey		Greece	
Algeria	393	33	4.125	169	1.547	101	1.209	21	886	122	584	75	52	6
Egypt	1.227	499	1.248	236	1.655	767	1.728	354	832	452	473	199	143	155
Lebanon	386	21	776	37	942	25	714	25	183	18	234	147	43	33
Libya	396	6	276	32	1.884	268	809	32	138	111	337	43	196	45
Morocco	589	845	3.161	3.179	1.159	577	1.053	509	2.126	2.342	364	106	45	44
Syria	162	40	375	44	675	223	639	103	163	26	395	86	96	22
Tunisia	277	261	3.189	3.208	2.418	2.130	1.075	961	674	404	322	100	61	22
Jordan	213	29	225	12	313	24	556	54	96	24	187	14	10	4
<b>TOTAL</b>	3.643	1.734	13.375	6.917	10.593	4.115	7.783	2.059	5.098	3.499	2.896	770	646	331

Source:

UN Statistics division  
Commodity Trade Database  
2004

\* Oil exports are omitted

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**9/6/2006**

**C. IMPORTS AND EXPORTS\* FROM AND TO SELECTED EUROPEAN MARKETS  
FROM MEDITERRANEAN ARAB COUNTRIES  
(in millions of US\$)**

Import / Exp ort	UK		France		Italy		Germany		Spain		Turkey		Greece	
Algeria	393	579	4.125	3.548	1.547	1.866	1.209	1.146	886	3.600	584	1.256	52	85
Egypt	1.227	865	1.248	383	1655	1.587	1.728	800	832	568	473	255	143	192
Lebanon	386	21	776	37	942	25	714	25	183	18	234	147	43	33
Libya	396	359	276	1.289	1.884	7.843	809	3.543	138	2.521	337	1.514	196	361
Morocco	589	877	3.161	3.179	1.159	577	1.053	509	2.126	2.342	364	106	45	44
Syria	162	90	375	411	675	927	639	1.102	163	277	395	358	96	22
Tunisia	277	285	3.189	3.208	2.418	2.435	1.075	1.029	674	590	322	100	61	22
Jordan	213	29	225	12	313	24	556	54	96	24	187	14	10	4
<b>TOTAL</b>	<b>3.643</b>	<b>3.105</b>	<b>13.375</b>	<b>12.067</b>	<b>10.593</b>	<b>15.284</b>	<b>7.783</b>	<b>8.208</b>	<b>5.098</b>	<b>9.940</b>	<b>2.896</b>	<b>3.750</b>	<b>646</b>	<b>763</b>

Source:

UN Statistics division  
Commodity Trade Database  
2004

\* Exports include oil & Gas

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**15/6/2006**

## **C. THE PRESENT EXPORT/IMPORT SITUATION BETWEEN EUROPE & MENA COUNTRIES**

- This is due to the nature of the weak industrial & manufacturing sectors in few MENA countries:
- **Characteristics:**
  - Infant industries
  - Technology shortage
  - Relatively unskilled labour
  - Lack of LT finance
  - The absence of ECA's
  - The dominance of Keynesian economic philosophy in several Arab countries, where the state enterprises dominate.

## **D. SOLUTIONS TO ACCELERATE THE PROCESS OF FORMING THE FREE TRADE AREA BY 2010**

- 1. To liberalize the economies of MENA countries.**
- 2. To eliminate gradually exchange restrictions.**
- 3. The EU can assist in the introduction & the development of industrial technology & improve labour skills by the establishment of joint venture companies in MENA countries.**
- 4. MENA countries to facilitate and promote such joint-ventures.**
- 5. Extend the reduction of customs duties of the MENA countries gradually until 2015.**

## **D. SOLUTIONS TO ACCELERATE THE PROCESS OF FORMING THE FREE TRADE AREA BY 2010**

- 6. The creation of EMTFP. This new “institution” building is indispensable in order to have the availability of LT financing for SMEs & SMIs, which will enable the latter to export to European Union.**
- 7. The introduction of ECAs in the MENA countries. Only Egypt has an ECA. ([See list of ECAs – Appendix](#))**

## **E. MAJOR INSTITUTIONAL MODELS OF ECAs**

- **Government department/facility**
  - UK & Switzerland government departments; ECGD, the oldest, established in 1919
  - Other countries have it either through the Central Banks or Ministries of Commerce

## **E. MAJOR INSTITUTIONAL MODELS OF ECAs**

- **State-Owned Corporations/Agencies**
  - China, India, Japan, Korea, Malaysia, Thailand, Indonesia
- **Private company as agent**
  - France: Coface
  - Germany: Euler-Hermes
  - Italy: SACE
- **The Berne Union**
- **The Prague Club**

## **F. THE CREATION OF THE EUROMED TRADE FINANCING PROGRAM**

This program briefly can be described as follows:

- A specialized EuroMed financial institution, having as mission to contribute to the development of EuroMed trade by the networking of banks.
- This contribution can be, by the promotion of trade exchanges of commodities, raw materials or finished goods & capital goods produced by the EuroMed countries, **by facilitating the financing and funding of these trade exchanges** up to, say 5 years tenor, at convenient costs.

## **F. THE EUROMED TRADE FINANCING PROGRAM**

- **The financing facilities to be provided by the network of the member banking institutions throughout the EuroMed countries**
- **Membership to include a big number of banks from the two shores of the Mediterranean**
- **The EuroMed Trade Finance Program will be a private initiative, devoid of any political interference**

## **G- EIB succeeded in a major institution building by the creation of FEMIP**

- **What is it exactly?**
- **The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) is a product of the political will, expressed on both sides of the Mediterranean, to give a new impetus to financial cooperation between Europe and the Mediterranean Partner Countries**

## **G. FEMIP**

- **March 2002, in Barcelona, then Brussels, in December 2003, the EU Heads of State and Government drafted the “road map” for this initiative, the main objectives of which are to promote economic development and political and social stability in the Mediterranean.**

## **G. FEMIP**

- **Capitalizing to that end on the 30 years experience acquired by the European Investment Bank (EIB) in the region, FEMIP gives priority to expanding the private sector and to regional integration projects, while at the same time encouraging economic and financial dialogue between European countries and Mediterranean partners.**

- **In retrospect, in order to accelerate the creation of the free trade area in the Mediterranean, we have to follow the “road map” designed by the European Commission’s Trade General Directorate.**
- **This can be realized by more intense economic cooperation, by the harmonization of rules and the modernization of customs procedures, between the EU & the MENA countries.**

## **H. CONCLUSION**

- **EuroMed countries are not landlocked**
- **Access to the Sea: all have ports for their shipping industry – many to be modernized by the introduction of IBS – Identification Beam Systems for containers**
- **3000 years or more of trade & exchange relationships & population movement**
- **Independent republics & kingdoms & interdependent.**

# Appendix: List of the World Export Credit Agencies 2005

## Argentina

Banco de Inversión y Comercio Exterior (BICE)  
Compañía Argentina de Seguros de Crédito a la  
Exportación (Casc)

## Australia

Export Finance and Insurance Corporation (EFIC)

## Austria

Oesterreichische Kontrollbank Aktiengesellschaft  
(OeKB)

## Bangladesh

Export Credit Guarantee Department (ECGD)

## Barbados

Central Bank of Barbados

## Belgium

Office National du Ducreire (OND)

## Brazil

BNDES-Exim (Ex-Finamex)  
Seguradora Brasileira de Credito a Exportacao  
(SBCE)

## Cameroon

Fonds d'Aide et de Garantie des Crédits aux Petites et  
Moyennes Entreprises (Fogape)

## Canada

Export Development Canada (EDC)

## China

China Export and Credit Insurance Corporation  
(SINOSURE)  
The Export-Import Bank of China

## Colombia

Segurexpo de Colombia (Segurexpo)  
Fondo Nacional de Garantias (FNG)  
Banco de Comercio Exterior de Colombia  
(Bancoldex)

## Croatia

Croatian Bank for Reconstruction and Development  
(HBOR)

## Czech Republic

Export Guarantee and Insurance Corporation (Egap)  
Czech Export bank

## Denmark

Eksport Kredit Fonden (EKF)

## Ecuador

Corporación Financiera Nacional (CFN) Fondo de  
Promoción de Exportaciones (Fopex)

## Egypt

Export Credit Guarantee Company of Egypt (ECGE)

# Appendix: List of the World Export Credit Agencies 2005

## Finland

Finnvera plc (formerly Finnish Guarante Board)  
Finnish Export Credit

## France

Compagnie Française d'Assurance pour le  
Commerce Extérieur (Coface)

## Germany

Hermes Kreditversicherungs-AG (Hermes)  
Kreditanstalt für Wiederaufbau (KfW)

## Greece

Export Credit Insurance Organization (ECIO)

## Hong Kong

Kong Kong Export Credit Insurance Corporation  
(ECIC)

## Hungary

Hungarian Export-Import Bank Ltd (Eximbank)  
Hungarian Export Credit Insurance (Mehib)

## India

Export Credit Guarantee Corporation of India (ECGC)  
Export Import Bank of India (I-Eximbank)

## Indonesia

Asuransi Ekspor Indonesia (ASEI)

## Iran

Export Development Bank of Iran (EDBI)  
Export Guarantee Fund of Iran (EGFI)

## Israel

Israel Foreign Trade Risks Insurance Corporation (Iftric)

## Italy

Istituto per I Servizi Assicurativi e il Credito  
all'Esportazione (SACE)  
Società Italiana per le Imprese all'Estero (Simest)

## Jamaica

National Export-Import Bank of Jamaica (Jamaica  
Eximbank)

## Japan

Japan Bank for International Cooperation (JBIC)  
Nippon Export and Investment Insurance (Nexi)

## Jordan

Export and Finance Bank of Jordan (EFB)  
Jordan Loan Guarantee Corporation (JLCG)

## Kazakhstan

Eximbank Kazakhstan (formerly State Export-Import  
Bank of Kazakhstan)

## Kuwait

The Inter-Arab Investment Guarantee Corporation  
(IAIGC)

## Lesotho

Central Bank of Lesotho

## Luxembourg

Office du Ducreire (ODL)

## Malaysia

Malaysia Export Credit Insurance Berhad (Mecib)  
Export-Import Bank of Malaysia Berhad (Eximbank)

# Appendix: List of the World Export Credit Agencies 2005

## Mexico

Banco Nacional de Comercio Exterior (Bancomext)

## Netherlands

Atradius

## New Zealand

Exgo (A division of State Insurance)

## Nigeria

Nigerian Export-Import Bank (Nexim)

## Norway

Norwegian Guarantee Institute for Export Credits (Giek)

Eskportfinans

## Oman

Export Credit Guarantee Agency (ECGA)

## Pakistan

Pakistan Insurance Corporation

## Peru

Corporación Financiera de Desarrollo (COFIDE SA)

## Philippines

Philippine Export-Import Credit Agency (PhilEXIM)

Bangko Sentral Ng Pilipinas (BSP)

## Poland

Companhia de Seguro de Créditos (Cosec)

## Romania

Eximbank of Romania

## Russian Federation

Export-Import Bank of the Russian Federation (Eximbank of Russia)

## Senegal

Agence Sénégalaise d'assurance pour le Commerce Extérieur (Asace)

## Singapore

ECICS Credit Insurance

## Slovak Republic

Export-Import Bank of the Slovak Republic (Eximbank)

## Slovenia

Slovene Export Corporation (SEC)

## South Africa

Credit Guarantee Insurance Corporation of Africa (CGIC)

Export Credit Insurance Corporation (ECIC)

## South Korea

Korea Export Insurance Corporation (KEIC)

Export-Import Bank of Korea (Keximbank)

## Spain

Compañía Española de Seguros de Crédito a la Exportación (Cesce)

Instituto de Credito Oficial (ICO)

## Sri Lanka

Sri Lanka Export Credit Insurance Corporation (SLECIC)

## Sweden

EKN Exportkreditnämnden (EKN)

Svensk Exportkredit (SEK)

# Appendix: List of the World Export Credit Agencies 2005

## Switzerland

Export Risk Guarantee Agency (ERG)

## Taiwan

The Export-Import Bank of the Republic of China (T-Eximbank)

## Thailand

Export-Import Bank of Thailand (Thai Ex-Im)

## Trinidad and Tobago

Export-Import Bank of Trinidad and Tobago (Eximbank)

## Turkey

Export Credit Bank of Turkey (Turk Eximbank)

## United Kingdom

Export Credits Guarantee Department (ECGD)

## United States of America

Export-Import Bank of the United States (US Ex-Im Bank)

## Uruguay

Banco de Seguros del Estado

Banco Central del Uruguay

## Uzbekistan

Uzbekinvest National Export-Import Insurance Company (Unic)

## Venezuela

La Mundial CAV de Seguros de Crédito (La Mundial)

## Zimbabwe

Credit Insurance Zimbabwe (Creditsure)

Reserve Bank of Zimbabwe (RBZ)

## Source:

**The Citigroup World Export Credit  
Guide 2004-2005**

The background is a dark blue gradient with several glowing, curved lines in shades of light blue and cyan. On the left side, there is a faint grid pattern of intersecting lines, also in light blue. The overall effect is a dynamic, futuristic, and high-tech aesthetic.

**Thank  
You**