

**BALKAN REGIONAL ECONOMIC COOPERATION
BUILDING POLITICAL STABILITY IN SOUTHEAST
EUROPE**

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Distinguished Guests, Ladies and Gentlemen,

First of all, I would like to express my pleasure in being here today and in having the chance to address such an esteemed audience. I would like to thank our hosts as well as all parties involved in the organization of such a brilliant event.

This meeting is actually held at a time when initiatives of regional cooperation have proved to be utmost valuable.

From our point of view one of the most recent examples of this sort of cooperation and understanding has been the most precious and vital aid provided to Turkey in the aftermath of the earthquake disaster that struck our country in August. Once again I would like to

take the opportunity to thank all the countries for the humanitarian, medical, technical and financial support they provided. I would especially stress the warm and quick assistance our neighbour Greece and our colleagues from the Bank of Greece have extended.

After reiterating my special thanks, I would like to return to our topic of "Balkan Regional Economic Cooperation". The Balkan region occupies a distinctive place in all aspects of Turkey's general policy framework. Based on historical as well as economic grounds, cooperation among states of this region has become almost inevitable due to national and international reasons. However, **turmoil and instability have been prevailing with serious global repercussions.** Peace, prosperity and stability in the Balkans are objectives of prominent priority for Turkey which attaches special importance to her relations with this region. History has shown that these goals require enhanced and diversified regional cooperation and there is no doubt that **improving economic cooperation would also lead to mitigate the tensions we all witnessed in the earlier months and previous years.**

In the last few years, economic globalisation has shown how states have become interdependent and furthermore how cooperation

is vital among them. I do believe that as a leading actor of the financial sector in general, we are keen on approaching the "cooperation" topic on this aspect. I will explain more on this issue.

First, The establishment of the Black Sea Trade and Development Bank is a successful indicator of cooperation in the financial sphere. This organization, which has started operating in June 1999 in Thessaloniki, has been established with the aim of promoting and financing trade and investments in this region. It has eleven members. Although the Agreement establishing the Bank became effective in January 1997, it took unfortunately more than two years for the operations to begin. I suggest that we take the opportunity to develop this initiative and make it work better. My point of view is that this is a very promising undertaking that can turn out to be a key source of financing for the whole region. Therefore it is vital that we continue our efforts to realize this venture.

Furthermore, as the Central Bank of Turkey, we also intended not only to actively take part in the international initiatives and organizations but also to develop new forums for cooperation like the recent establishment of the "Governors' Club", which can be referred to as a specific case of cooperation which covers a broad area

including the Balkans. As the Central Bankers of this region, the Balkans, together with our colleagues from Black Sea and Central Asia, we established in May 1998 the "Central Banks Governors' Club" with the aim of enhancing cooperation among members on economic, monetary and banking issues. The Club provides an open, direct and intimate environment to share national experiences and to discuss matters of concern common to all participating countries.

Currently, the number of Club members has reached fifteen. We have eight members from the Balkans, namely Albania, Bosnia-Herzegovina, Bulgaria, Greece, Macedonia, Romania, Turkey and Yugoslavia. Since its establishment, three meetings at the Governors and Vice Governors level have been held as well as training programmes and seminars for the experts from the member central banks. The "Experts Meetings" deal especially with technical aspects. I think it is a very promising and very cooperative gathering.

In fact the subject of our next "Experts Meeting" will be payment systems which we are all aware play a very vital role in enhancing and accelerating the cross border large value transactions conducted amongst financial institutions, investors and companies. There is no doubt that RTGS (Real Time Gross Settlement) systems provide

reliability, security, speediness and minimum risk, in domestic as well as in cross border flow of funds. It is within this framework we will use the "Governors' Club" platform for the purpose of developing and enhancing the payment systems among Club member countries as well as non-member countries in the Balkan region.

I personally believe that this is a field which needs to be given further elaboration and as a Central Bank governor, **I am happy to say that we are ready to share our experience on the issue of payment systems with the other Balkan nations.**

On the other hand, I would like to say a few words on the need for a financial center in the Balkan region. It is a fact that enhancing economic development in a region requires a well-functioned financial center such as Frankfurt, Tokyo or New York. I do believe that we will work on this subject extensively and try to establish a financial center for the Balkan region. **If I could make a suggestion, I would say that Istanbul is a good candidate for being acknowledged as an international financial center with recent and rapid developments in the areas of industry, technology and skilled labor.**

Throughout history, Istanbul became the capital city of the three biggest empires, that is, the East Roman, the Byzantium and the

Ottoman. The city of Istanbul had already enjoyed commercial tradition for 2500 years. Today, **Istanbul is the trade and financial center of Turkey.**

Furthermore, the Turkish Banking System made significant progress towards integration with the global markets. Today, Turkish banks offer top quality services and products to their customers; they have mostly computerized their services.

The Istanbul Stock Exchange Market (ISE) has taken important steps towards making Istanbul an international financial center. The ISE is the most developed exchange market in the region.

These characteristics of Turkey prove that especially on the technological, commercial and financial aspects, Istanbul is ready to qualify as a financial center for the Balkan region.

For Turkey as well as other Balkan countries, a further step to this cooperation in the global economy is the aspiration to be part of the European integration process. Within the process of complying with the monetary targets set by the Maastricht criteria, the major responsibility is on the shoulders of the central banks. We must take the lead in the whole course of integration, by implementing the basic criteria and by re-shaping the economies. Common sense dictates

that we shall be able to succeed in establishing a cooperative environment which shall contribute tremendously to the prosperity of the region as well as contributing to stability and cooperation on a global magnitude.

The Balkans, constituting a bridge between the two continents, have to assume a clearly defined and vital role in preparation to the next millenium. As generally perceived, important developments are expected to happen in the next millenium in Eurasia. All Balkan countries should contribute extensively to the economic cooperation to ensure prosperity and welfare both in this region and in its neighbourhood.

In closing my words, I would like to stress upon the importance of achieving lasting cooperation in our region. As I mentioned in my speech, one way to realize this goal is by reviving or revitalizing the already existing ventures such as developing the activities of the Black Sea Trade and Development Bank and utilizing it more vigorously. In this respect, I also hope that the Governors' Club might be a supporting initiative that would lead to further cooperation. We can also envisage Istanbul to assume a role as a financial center in the region.

These three areas could contribute significantly to extend our relations and establish a mutually welcomed environment of cooperation and understanding.

We believe that lasting peace and stability in the Balkans can be achieved through regional cooperation. We are convinced that an enhanced and diversified cooperation in this part of the continent will not only help to ease tension and contribute to stability and peace, but will also reinforce the process of all-European integration. In this context, the Balkan Cooperation process offers a very promising prospect to mould the common past of the region into a mutually shared destiny.

Thank you ladies and gentlemen for your kindly audience.