

Dr. Joseph Torbey's Speech  
Chairman – World Union of Arab Bankers  
Chairman – Association of Banks in Lebanon  
Chairman General Manager – Credit Libanais Group

**During the Annual Arab Banking Summit 2011**

**Entitled:**

**The future of the Arab world in light of recent  
transitions**

Phoenicia Intercontinental Hotel

Beirut

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H.E Mr. Nagib Mikati, Prime Minister of Lebanon,

HE Mr. Riad Salameh, Governor of the Central Bank of Lebanon,

His Excellency Mr. Adnan Kassar, President of the General Union of Chambers of Commerce, Industry and Agriculture of Arab Countries

Mr. Adnan Yousif, Chairman of the Union of Arab Banks

Excellences and Distinguished Guests

Fellow leaders of Lebanese and Arab Banks

Ladies and gentlemen,

We all agree that the phase the Arab world is currently undergoing is the most sensitive in its modern history, whereby fast international developments intersect with the phenomenal Arab events taking place in the region. The Arab world today is at the heart of international policy objectives; strategic interests of the great powers and the popular uprisings and dynamics in the Arab world are intertwined and constitute the basic given of the current scene in more than one Arab country. Within months, the fast events and interactions altered the Arab scene and put up a historical barrier between the long profound silence and the eruptive volcanic rebellions that spread from east to west in the region amongst the central core interactions and changes that are concentrated in regional powers, their roles and their grasp. What is happening in our region is unprecedented, and effects on the economic situation will not be less important than effects on the political situation. If the crises in the region prolongs, implications of the so called "Arab Spring" might as well turn into a harsh economic winter.

As for incoming foreign investments in the Arab region for 2011, those investments decreased to about 83%, from more than \$ 20 billion to about \$ 4.8 billion as a result of the regional instability. A sharp decline was also recorded in the growth of banks in the areas that have experienced unrest and revolutions. The reduction of financial flows and investments and the increase in budget deficits entails a deterioration in other areas, such as a plunge in the economic growth, higher inflation and unemployment rates, increasing public debt, a decrease in foreign reserves and in the currency value, high interest rates, shrinking of bank deposits, falling stock markets as well as the decrease of sovereign rating.

Distinguished Audience,

The economic cost of the ongoing uprisings and the collapse of Arab regimes are immensely high. The situation calls upon all of us to face the challenges of rebuilding the political, institutional, economic, social and humanitarian sectors. It is important that Arab people in turn, succeed in facing the challenges and implementing the slogans raised in the squares which call for democracy, the fight

against corruption, the strengthening of governance, social mobility, fostering economic prosperity, fighting poverty and creating enough jobs to absorb the rising unemployment as a result of demographic expansion that lacks any and all types of controls.

It goes without saying that Arab Banks have the chance today to formulate a new role to play in attracting Arab financial resources and effectively managing and employing them in Arab economies. Arab banks could also spot investment opportunities for Arab funds and direct them towards investments in the real economy; Arab banks integration could also be achieved through some known mechanisms of strategic partnerships and consortium among banks, creation of giant aggregations, and encouraging cross-border investments among Arab countries, in an endeavor of stimulating growth and creating job opportunities for younger generations.

The success of Arab Banks in their new role requires that those play a larger role in the formulation of financial, monetary and economic decisions issued by international bodies, such as the IMF and the World Bank, etc. ... as well as the development of coordination with international regulatory bodies such as the Basel Committee on Banking Supervision, in order of contributing to the development of banking rules, with a strategy to deal flexibly with the requirements of the openness of Arab Banking towards the international community.

As to the investment climate, the Arab region enjoys a great deal of potential, yet, cooperation needs to be further developed among our countries on all levels. In this regard, it should be emphasized that the Arab banking sector has the potential to cover more than the needs of finance and credit for the anticipated growth in inter-Arab investments projects and trade. It also has the particular features of the speed of movement, added to human and technical qualifications that Governments could employ to develop and implement joint projects. Strengthening the investment climate in the Arab world and invigorating the inter-Arab trade remains a strategic goal for the future of our countries and our people, in order to achieve comprehensive development and improve the capacity of our people for progress and prosperity.

We pre-acknowledge that this goal is not easily attainable in our Arab world, yet it is also not impossible either, especially that promises of economic reforms carried by countries of the Arab Spring may attract some direct investments to the region. History has taught us that revolutions create periods of unrest afterwards, and that the Arab spring is not all springy and that the economic cost of that instability is high, and calls for collaboration and cooperation. Experience has shown that the recent turmoil infection may be passed from one Arab country to another, which makes the Arab world threatened to proliferate any weakness or disease that affects any of its parts.

We therefore call upon competent authorities and decision makers in Arab countries to secure a suitable ground to increase coordination among Arab economies and facilitate the free movement of

goods within Arab markets, as well as the commitment of rich Arab economies to support growth in their countries and in the region, through investments, movement of capital, and building confidence.

We clearly call for the **creation of an Arab fund backed by rich Arab countries, similar to the “Marshall Plan”** created by the United States of America for the reconstruction of Europe after World War II, in order to restore stability to the troubled Arab countries, through the reconstruction and development of economic and human projects. If political revolutions in our Arab world are not followed by institutional reforms and economic and human growth, efforts of the people in their quest for freedom, democracy and prosperity are in vain and give way to feelings of resentment, more poverty, underdevelopment and extremism that can spread like a virus throughout the region. The Gulf countries did well when they revisited their economic priorities, whereby top spending programs were allocated to social spending, housing, social care, and salary increases. It is wishful that the aid for other Arab economies should move in the same direction.

To conclude, I wish this Summit entitled the “Future of the Arab World in Light of transitions” would come up with specific recommendations to the problems that threaten the Arab countries. The challenges are great, be it at the political level or the economic level. It is high time we take on this challenge, and we are capable of so doing.

Thank you.