



# ARAB FINANCIAL FLOWS IN A POST-CRISIS WORLD

A joint World Bank–Arab Monetary Fund Conference

June 21–22, 2010

*Abu Dhabi, United Arab Emirates*

## BACKGROUND

Arab financial power on the global stage remains immense, despite losses endured as the result of the global financial crisis of 2008–2009. Boosted by oil revenues and improved growth prospects, Arab countries have become an important destination of global capital, as well as a significant source of capital to the rest of the world. The largest sovereign wealth funds in the world, three major regional financial centers, and a vibrant network of national and regional banks with global ambition attest to how important the region has become financially. Most countries in the region are set for a year of robust growth in 2010, and inflation—especially from construction costs—is expected to remain contained. These developments have fostered a positive outlook for large-scale project financing, which is likely to benefit from increased global demand for energy and related industries, bringing more than \$500 billion worth of projects for contract award and tendering in the near future.

Over the longer term horizon, the need to promote pan-Arab economic growth, employment generation, and sustainable development has meant that greater Arab financial and monetary integration has become more urgent. Greater financial integration among Arab states may contribute to further trade integration in the region and also contribute to the development of financial institutions and markets, enhance competition, and improve access. Financial regionalism can also provide a safeguard mechanism against both global capital market upheaval as well as monetary policy shocks emanating from the industrialized countries. The pressing need to move forward on designing regional arrangements is further underscored by international efforts to reshape the global financial architecture in the wake of the financial crisis.

## OBJECTIVE

The conference aims to address three issues concerning the agenda of financial integration among Arab countries in the evolving multi-polar world economic order. First, to stimulate debate on the future trajectory of Arab economies in their search for a better utilization of their vast financial resources; second, to develop the capacity for systematic tracking of cross-border financial transactions occurring within the member countries of the Arab Monetary Fund and with the rest of the world; and third, to review the main challenges and policy options for further monetary and financial integration that would best fit the region's needs and priorities.

Unlike trade flows, for which reasonably sound statistics are available from national and international sources, and can be easily reported in a matrix of cross-country flows, financial flows are notoriously difficult to measure and estimate. Impediments include the diversity of channels through which capital can flow across national borders; difficulties in identifying the counterparties for many types of financial transactions; differences in national legal and institutional arrangements governing issuance of debt securities and cross-border investment; and differences in the quality of information collected by national agencies. By bringing together all the key players involved in facilitating cross-country financial flows among Arab countries, the workshop aims to be a forum for promoting a better understanding of intra-Arab financial integration, as well as serve as a platform for greater collaboration in the monitoring and analysis of such flows.

**MONDAY, JUNE 21, 2010**

- 9:00 a.m.      **Welcome Remarks**  
**Dr. Jassim Al Mannai**, Director General,  
Arab Monetary Fund
- 9:15 a.m.      **Opening Remarks**  
**Dr. Shamshad Akhtar**, Vice President, Middle East and North Africa,  
The World Bank  
**H.E. Sultan Bin Nasser Al Suwaidi**, Governor,  
Central Bank of the United Arab Emirates
- 9:30 a.m.      **Opening Roundtable: Challenges for Regional Financial Integration**  
*Chair: Dr. Mahmoud Mohieldin*, Minister of Investment,  
Arab Republic of Egypt  
**Dr. Mohammad El-Erian**, Chief Executive Officer,  
Pacific Investment Management Company  
**Dr. Jürgen Stark**, Chief Economist,  
European Central Bank

10:30 a.m.      Coffee Break

11:00 a.m.      **Plenary I: Implications of the Global Financial Crisis for the Arab World**

*Although the global financial crisis arrived relatively later in the Arab world, it has nonetheless not spared the economies of Arab countries. As the global economy recovers and global financial markets stabilize, how are the prospects for financial flows to Arab economies shaping up? How international banking consolidation will impact the flow of bank credit, cross-border M&A, and financing of the corporate sector? What lessons can be drawn from the crisis to safeguard financial stability?*

*Chair: Dr. Nasser Saidi*, Chief Economist,  
Dubai International Financial Center

**Dr. Mansoor Dailami**, Manager, Development Prospects Group,  
The World Bank  
**Professor Mahmoud El-Gamal**, Chair, Department of Economics,  
Rice University  
**Dietrich Domanski**, Secretary, Committee on the Global Financial System,  
Bank of International Settlements  
**Dr. Freddie C. Baz**, Group CFO and Strategy Director,  
Bank Audi

12:30 p.m.      Lunch Break

2:00 p.m.      **Plenary II: Promoting Greater Financial Integration in the Arab World**

*Unlike many other parts of the world, financial flows from Arab countries are predominantly destined for other Arab nations, making intra-regional capital flows especially important for economic growth and development. However, financial systems in the Arab world remain relatively fragmented. What are the key challenges faced by financial institutions seeking to expand their operations in the region? How can policymakers promote the development of intra-Arab financial markets and payment systems?*

*Chair: Dr. Hazem El-Beblawi*, Fund Adviser,  
Arab Monetary Fund

**Dr. Amor Tahari**, Former Director, Middle East and Central Asia Department,  
International Monetary Fund  
**Dr. Sedeq Abdul**, Manager, Research Department and Board Secretary,  
Kuwait International Bank

**Dr. Henry Azzam**, Regional Chief Executive Officer, Middle East and North Africa,  
Deutsche Bank  
**Steve Perry**, Regional Head of Syndications, Middle East and North Africa,  
Standard Chartered Bank

- 3:30 p.m. Coffee Break
- 4:00 p.m. **Breakout: Measuring Cross-Border Financial Flows**  
Working groups by capital flow type: bank loans, FDI, and portfolio investment  
(bonds/stocks)  
*Facilitators: Jamal Zarouk (FDI), Mansoor Dailami (Loans), Yisr Barnieh (Portfolio)*
- 6:00 p.m. Adjourn
- 8:00 p.m. Dinner (Hosted by the Arab Monetary Fund)

## TUESDAY, JUNE 22, 2010

### 9:30 a.m. **Plenary III: Arab Economies in a Multipolar World**

*As the second decade of the 21<sup>st</sup> century unfolds, the world economy is acclimating to shifting centers of economic growth, evolving finance paradigms, and new mechanisms of international policy coordination. These trends are contributing to changes in the distribution of global economic and financial power, with a shift toward greater multipolarity. How do Arab economies fit into this new multipolar world? Can Arab economies evolve into growth poles? What roles will the region's banking institutions and financial centers play in a multipolar world?*

*Chair: Dr. Fouad Shaker*, Secretary General,  
Union of Arab Banks  
**Professor Paul R. Masson**, Research Fellow, Rotman School of Management, University  
of Toronto  
**Dr. Stephan Dreyhaupt**, Head, Investment Information Services,  
Multilateral Investment Guarantee Agency, World Bank Group  
**Dr. Abdulrahman Al-Hamidy**, Deputy Governor for Economic Affairs,  
Saudi Arabian Monetary Agency  
**Peter Fort**, Executive Director Mergers and Acquisitions, Middle East and North Africa,  
Morgan Stanley & Company

11:00 a.m. Coffee Break

### 11:30 p.m. **Closing Roundtable: Lessons for Arab Economies and the Way Forward**

*A reflection on the issues raised, challenges posed, and opportunities presented by the conference. What lessons and conclusions can be drawn for the Arab economies? What does the future hold for Arab financial integration in a post-crisis, multipolar world?*

**Dr. Shamshad Akhtar**, Vice President, Middle East and North Africa,  
The World Bank  
**Dr. Jassim Al Mannai**, Director General,  
Arab Monetary Fund  
**Dietrich Domanski**, Secretary, Committee on the Global Financial System,  
Bank of International Settlements  
**Dr. Mansoor Dailami**, Manager, Development Prospects Group,  
The World Bank

12:30 p.m. Lunch (Hosted by the Arab Monetary Fund)

## **Workshop Information**

The registration form for the workshop can be found on the inside front cover of this brochure. If the form is missing, please obtain a new one from the registration desk.

## **Registration**

Deadline: May 20, 2010.

## **Venue**

Park Rotana Abu Dhabi  
2nd Street Sector 1 96  
P.O. Box 43377  
Abu Dhabi, United Arab Emirates  
Tel: + 971 (2) 657 3333  
Fax: +971 (2) 657 3000

## **Accommodation**

Special room rates of USD 100 are available for workshop participants at the conference hotel.

## **Language**

The workshop will be conducted in English, with simultaneous translation to Arabic and French.

## **Organizers**

The workshop is jointly organized by the Arab Monetary Fund and the World Bank.