

**Opening Statement of the President at the Regional Economic Forum:  
“Black Sea Region: Today and Tomorrow”**

**2009 BSTDB Tenth Anniversary Event- Thessaloniki 14 June 2009**

Esteemed Governors and Directors,  
Dear Delegates, Observers, and Visitors,  
Ladies and Gentlemen,

A warm welcome to Thessaloniki, our host city for today’s Forum and the home of our institution, the Black Sea Trade and Development Bank, since its founding. We hope that you will have an opportunity to take in its many sights and sounds while you are here, and to obtain a feel for its multi-faceted character: manageably small but important, modern but with a lengthy and significant past, geographically detached from the Black Sea but culturally and historically attached via tight political, economic and social links.

These links predated the establishment of our Bank, but they have certainly been reinforced by the formation, presence and operation of our institution. Just as we have enjoyed the hospitality of the city, we believe that the Bank has contributed to the city and its profile as a regional center with economic links extending beyond the borders of Greece, during these past ten years of our operation.

Today, we take a moment to reflect on those ten years for the greater Black Sea Region, and in particular to take stock of the present situation and to consider what lies ahead, with perspectives both from within the Region, and from others based outside but who work in the Region.

Before doing so, I would like to look at the Black Sea Region briefly from the perspective of regional cooperation as it stands, and how it might develop. It is especially relevant for our Bank, as we were born out of the Black Sea Economic Cooperation and the desire of its founding Member States to establish an institution that might promote regional cooperation in addition to economic development, in the Black Sea Region. It thus remains a core theme for our institution.

Since 1999, intra-regional trade has grown significantly, exceeding even the impressive rate of growth of the countries’ economies during this period. In other words, the share of trade of Black Sea Countries with each other has grown as a share of GDP and as a share of overall international trade, gradually but steadily. Moreover, as foreign investment into the Region has boomed, increasing 16-fold since 2000, investment flows among Black Sea Countries have also grown as regional firms branch out into neighboring countries in order to expand activities and access new markets.

The very fact that we are here today, discussing the Black Sea as a Region unto itself, and contemplating where it stands and where it may be headed says much.

Perhaps most significantly, there is an increasing imperative for regional cooperation in the prevailing development models of recent years. Put differently, there is a growing acceptance of the realization that cooperation and integration among neighbors may generate substantial political and economic benefits. It increases understanding, contact, and mutual dependence, while the improvement of economic conditions in one state also tends to spillover and affect neighbors in a positive and reinforcing manner. The fact that regional cooperation represents an increasingly important priority for most countries bodes well for the future of our institution, and the relevance of our mandate.

During our Bank's ten years of operation, we have sought to contribute to this expanding regional cooperation around the Black Sea. In this time, we have built up an institution with a currently active portfolio of US\$ 912 million disbursed and outstanding, with an overall amount signed and committed of over US\$ 1.3 billion, covering 94 projects.

Since our commencement of operations on 1 June 1999, we have signed and implemented 162 operations for approximately US\$ 2 billion financing. Because of the nature of trade finance credit lines to financial intermediaries which have been rolled over, the actual amount disbursed has reached US\$ 2.2 billion, a figure which does not include the additional amounts of co-financing mobilized in parallel to our participation.

Most of this activity has taken place over the last two and a half years, during which time we doubled the size of our portfolio. Moreover, we are proud of the fact that we have achieved and maintained a consistent level of profitability over the last few years, and that we possess a credit rating that is equal to or higher than that of 10 of our 11 shareholders. This is essential for us to be able to provide financing at reasonable cost to firms, banks and agencies in our Region. And taken together with the doubling of our capital to SDR 2 billion (over US\$ 3 billion) it will allow us to expand our activities across the Region, offering clients higher levels of financing on attractive terms, an increasing array of products, and improved access to co-financing and other forms of resource mobilization.

Despite our newness, we have been growing steadily, and we believe that we are in a solid position to continue doing so, offering financing solutions to the Region in a setting of constrained resource availability during the current crisis.

Ladies and Gentlemen:

Today's Forum takes place in the shadow of the worst global financial crisis since the Great Depression of the 1930s, and a consequent economic crisis which has hit the Black Sea Region particularly hard. The distinguished speakers in the Forum will look at the state of the economies of the Black Sea Region as they stand and with a view ahead to what we may expect and also what we should consider for the coming years.

The first panel will look at the crisis from the perspective of the Black Sea Region, and with reference to the particular experience of select countries. Its emphasis will be not just on the impact to date, but what solutions are being considered, and how various important regional actors view prospects in coming years. Having seen a period of rapid economic growth come to a sharp halt, answers to issues such as (i) stabilizing the macroeconomic situation, (ii) restoring the financial system to functionality, if not full health, (iii) dealing with the social dimension and human cost of economic crisis, and (iv) returning to sustained growth, will be at the forefront.

The second panel will look at the crisis from the perspective of international financial institutions (IFIs) with reference to the Black Sea Region. A mere two years ago, there was serious discussion about what role IFIs had to play in a global financial system in which net private financing to emerging markets outpaced net public and IFI sources of financing by a factor of over 80 to one. Moreover, demand for IFI financing was declining, or shifting to riskier and more difficult areas, while in certain cases repayments to IFIs exceeded the levels of new disbursements made, meaning that net flows were negative.

The financial crisis reversed this trend, and with private capital exhibiting high degrees of risk aversion, it is IFIs and other public and international sources of financing that have picked up their activity. Although they cannot hope to come anywhere near the sky-high levels reached by private financiers in recent years, IFIs can operate in a counter-cyclical fashion to fill some critical gaps and to work in tandem with private capital to gradually restore some of the flows. It is interesting, timely, and critical to listen to the views of select IFIs, and their strategies to provide value added to countries in need, and particularly the countries of our Region.

Without further ado, let us move to the first panel, for which I expect to hear interesting and thought provoking analyses as to where this Region stands, where its needs lie, and where it may be going. And it goes without saying that the more discussion these presentations stimulate with you, the audience, the better! Your feedback and questions represent an essential part of the panels, and your interaction is very welcome!

Thank you