

Mr. Taoufik BACCAR, Governor of the Central Bank of Tunisia (BCT) opened on Monday 6 July 2009, works of the first Mediterranean conference on "financial crises : would they reoccur ? understand and reform".

He pointed out that the current crisis has many facets and it should be considered as a phase of an unprecedented tightening of the world financial cycle. The latter was deepened further by fragile current conditions that are tied to macroeconomic drawbacks at the level of financial intermediaries and the markets.

He noted that the systemic nature of the international crisis required an overall reflection on institutional and regulating means that are likely to curb the financial crises, to check their transmission to real sphere and to draw up outlines for a new international financial architecture able to dam up risks of the system.

Thus, G20 orientations for a new regulation of world finance aim to better curb sources of financial instability and avoid outbreak of new systemic crises further to issues tied to getting out of the crisis and boosting demand.

This consists in promoting financial markets integrity while extending the regulation perimeter to all markets and instruments as well as to all the areas. Besides, it is important to reduce " pro-cyclicality " on the financial markets, lessen the leverage effects, control rating agencies, better appreciate market risk and extend the banking supervision scope, accounting henceforth not only for equity adequacy but also for liquidity risk.

Furthermore, issues related to financial stability, supervision of overall soundness of national financial

systems through reform of accounting rules and transparency of off- balance sheet assets and structured products should be dealt with deeply.

Tunisia, boosted by its more than fifteen-year experience on the international financial markets followed up closely trend in this crisis and reflection on core reforms to be committed in order to improve the international financial architecture and avoid reoccurrence of such crises.

Mr. BACCAR pointed out that under incentives and perceptive policy of the President of the Republic, Tunisia has continuously showed concern about reflection on fundamental issues tied to deep-seated reform of the international monetary and financial system. This is further to an ongoing range of structural reforms committed for some twenty years to boost capacity for resilience and adaptation of the Tunisian economy to international financial changes.

The Governor of the BCT recalled Tunisia's position in this crisis as expressed by his excellency the President of the Republic, notably, by stressing the need to coordinate the States actions in the economic, financial and monetary areas, so as to boost their aptitude for anticipating events, to prevent risks and maintain financial markets stability and growth pace.

In this respect, Mr BACCAR went over Tunisia's actions to ensure greater financial stability. This involved, among others, modifications of the Central Bank mandate in 2006 in a way to boost its assignment with respect to financial stability ; further to the creation now for five years of a General Directorate of financial

stability within the Central Bank and more recently the creation of a centre for financial and monetary studies.

The Governor of the BCT added that use of macro-prudential indicators and recourse to stress tests already operational in Tunisia confirm Tunisia's choice to be endowed with the latest techniques and the most pertinent advanced indicators to prevent such crises and assess their impact on our financial systems.