

Opening Speech of
His Excellency, Governor of the Central Bank of Kuwait
Dr. Mohammad Y. Al-Hashel
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In the Name of God, Most Gracious, Most Merciful.

Your Excellency, Ambassador Sheikh Salem Abdullah Al-Jaber Al-Sabah,

Distinguished Guests,

Dear Sisters and Brothers,

Assalamo Alaykom,

It gives me great pleasure to be here with you today, recalling how it felt like when we were away from our families and homeland, where we realized how precious Kuwait was in our hearts. Those feelings were what made us even more determined on earning our degrees and returning back to serve Kuwait in all different fields, and become partners in drawing the features of a prosperous future for our beloved country.

Dear Boys and Girls of Kuwait,

I honestly feel overwhelmed with pride and optimism, seeing you gathered here under this slogan: “Kuwait is prettier...with the arms that work”. Absolutely true, we are united and seeking the one only goal which is to make Kuwait more beautiful, developed and prosperous. However, in order to achieve this, we have to sincerely love our country and to show this love in action. Showing it means devoted work for religion, country and society.

With Allah’s guidance we shall fulfill this goal with your strong young arms, for you are holding the torch of enlightening, modernity and contemporary, and this makes you the inspiring model for the youths of Kuwait.

In order to translate this concept into a real fact, I urge you to make the ultimate benefit of your stay in the States, exploring new different cultures which will deepen your conceptions, scientific and practical experiences, while maintain your original identity and cultural legacy. You are expected to adequately invest the years you will spend here, at the personal and national levels, keeping in mind that work fields in Kuwait, your homeland, are widely open for you, because you are the fundamental base of construction, growth and development.

Indeed, brains and competencies of youths are the core. I have always believed that the most precious of all at the CBK was not the gold or the

foreign currencies' reserve that we have, but rather the Kuwaiti brains and skills that are filled with devotion and sacrifice for Kuwait.

Dear Brothers and Sisters,

I surely know that you are aware of the events and developments that have been going on lately in Kuwait, which is a normal and appreciated attitude on your side, for we are all part of the same texture of Kuwait. We live its joy and feel burdened by its concerns. Those feelings come from our profound belief in the true meaning of patriot. I would like in this context to emphasize that, whatever experiences you will go through during the different phases of your lives, which will eventually shape your personalities and have an impact on the course of your lives, I want you to make sure that while following up the various changes on the local, regional or international levels, make sure to keep your study as your top priority and only target. I am quite confident that holding up to this ultimate goal, will eventually make of you the constructive and influential patriots who will have an impact on the future of their beloved country, and who are shaped by solid-base of knowledge, awareness and methodological thinking. (A little learning is a dangerous thing) said Alexander Pope, an English poet. Indeed it is, for a person with a little knowledge in a certain field, yet thinking an expert of himself, would cause a huge mess. We all, our country on top of us, need the eagerness of the educated, ambitious open minded youths in order to overcome the imposed challenges at various levels. We above all of things thank Allah for blessing us with security, safety and prosperity.

Brothers and Sisters,

Not far from the political course of things, the international economy is witnessing accelerating intensive events that are entailing new challenges shaping a highly risky and distrustful financial and economic world, overwhelmed with uncertainty in future trends of world economic performance. Many countries and financial institutions are striving to restructure the monetary and financial policies, and adopt new mechanisms and programs in harmony with the efforts aiming at overcoming the consequences of the global financial and economic crisis, and restoring the normal economic growth rates.

Without further boring financial and economic terminology, I just want to indicate that the key aggregative indicators of the global economy have, conclusively, assured the many risks affecting the mid-term projections related to the global economy trends. The increasing significance of those developments are attributed to the increasing risks threatening the world's financial stability, due to the accelerating sovereign credit crisis in the Euro Zone and its repercussions on the majority of other advanced financial systems.

In the same context, the International Monetary Fund has pointed out, in its last Oct. issue of "World Economic Outlook", two groups of factors

representing the driving and non-driving forces for world economic growth. The non-driving forces are centered in the austerity programs adopted by a number of advanced countries, causing impacting pressures on the potentials of economic growth of those countries, in addition to the financial systems' challenges confronting those countries. This has notably contributed to the decrease in the volume of credit. Moreover, worth noting is that, "Hurricane Sandy" which hit the eastern coast of the United States in 30 Oct. 2011, with all entailed casualties and financial losses, has also, negatively affected the economic growth of the USA during the last quarter of the year 2012.

On another front, the driving forces for economic growth are centered in the flexible monetary policies adopted by the central banks of the majority of advanced countries, which introduced new unprecedented incentive instruments such as the quantitative easing instruments of all types and enormous volumes, in addition to the conventional instruments represented by low interest rates.

In addition to those two groups, another potential factor is of a considerable significant impact on the time projected for the recovery of economic growth ratios, that is investors' and consumers' "confidence" in the reliability of policies and procedures set by governments and monetary and financial authorities to overcome the repercussions of the global financial and economic crisis, and motivate economic activity.

Despite the persistent efforts made by governments and international financial institutions pertaining to policies and arrangements aiming at solving the sovereign credit crisis and banking and financial issues in the Euro Zone in particular, and the majority of advanced countries, such arrangements are still insufficient to regain confidence in the financial markets of those countries, which therefore, necessitate focused efforts towards decreasing deficits of balance sheets and improving debit averages, compared to gross domestic production, in addition to insuring stream-lined channels of credits.

As for the Middle East Region, you must be aware of the unprecedented political changes and the increasing social burdens in a global inadequate economic environment, causing additional imminent pressures and risks threatening macroeconomic stability of the regions' countries as a whole.

Dear Brothers and Sisters, Elite Youths of Kuwait,

Our beloved Kuwait is presently confronting a number of challenges, however, we are quite definite that we shall overcome this phase with Allah's guidance.

The reform and development process has to be originated on solid basis that embodies political stability, national consistency, open economy

mechanisms and attractive legislative and legal business environment. Hence, collaborative efforts are needed to drive economic growth, accomplish sustained development, activate the private sector's economic role, and provide the necessary potentials for human development and appropriate job opportunities for Kuwaiti youths, in addition to motivating scientific research and technical development, along with the spiritual and financial support needed for the advancement of those activities.

Furthermore, interaction among those factors has to be originated on a solid bases of powerful competent banking and financial sector of a sound performance and high competitiveness, considering the central importance of its activities and services for other economic sectors. In this respect, I would like to point out the CBK's endeavors to set the foundations of sound management and enhance good governance of the banking system, through a set of control and supervisory programs, and keep pace with the vast developments, in accordance with the international standards adopted, and in consistency with the core role of the CBK, regarding firm banking and financial system and enhanced capabilities in pursuing our ambition of becoming the most advanced regional banking system, based on its established reputation and financial competence, recognized worldwide.

Financial and banking sector in the State of Kuwait is an ideal area in which various competences and experiences can interact to produce highly professional and trained national cadres, qualified to assume leading positions and perform an influential role towards the economic and social

growth and development in Kuwait. Moreover, this sector is expanding and will soon be able to absorb all national cadres with scientific qualifications and practical experiences, including those of rare specialties.

Dear Brothers and Sisters,

At a certain point of our lives, we find ourselves obliged to make crucial decisions at the educational, career and personal levels. However, such rational decisions need to be taken carefully in order to avoid bad consequences. I would like in this respect to refer to the modern means of social communications and its remarkable advantages in various areas. However, these means have their disadvantages as well, particularly the transmission of false information that can be easily spread and cause false attitudes. Hence, I urge you to be aware of such doings, and to first verify the credibility of the information from other reliable sources.

Having that said, you , being the elite of Kuwait's youths, are expected to be more rational and objective in handling such issues before taking any necessary decisions.

I'll give you an example from my own practical experience as a part of the decision making process. In 2008, upon the emergence of the global economic and financial crisis, realizing the severity of this crisis in terms of

volume and spread ability, the CBK initiated a wise profound insight to tackle the consequences of the crisis, accordingly, it directed local banks to maintain precautionous allocations (reserves against potential non-payment of debts) to absorb various risks in a systemic method that doesn't burden banks' budgets, in the one hand, and insures gradual balanced reserves, on the other. Today, four years later, thanks to this policy which will persist until recovery from the crisis is completed, our banks are stronger than ever. My point is that, taking the right decisions should be based on wise profound and rational insight to the surrounding events. Otherwise, we will have to deal with unintended consequences.

Young Men and Ladies of Kuwait,

No one can underestimate the difficulties that Kuwait is undergoing, considering its political and economic importance. Equally, I would like to assure you of Kuwait's established ability to overcome those challenges through the Kuwaiti competent human cadres which you are part of. I can clearly see the bright future of Kuwait in you, the same way your families and relatives do.

Therefore, I urge you to seek the guidance of Allah, seek knowledge, immune yourselves with the best morals, wish for each other the same good things you wish for yourselves, and never be tempted by the false appearances of the vanity of life.

Appreciate your full attention, and highly value your organized conference. Wishing you success.

Assalamo Alaykom.