

CZECH REPUBLIC

Statement - Czech Republic

Madam Chair, Mr President, Dear Governors,

Thank you for making this virtual meeting possible under challenging circumstances.

I want to commend the Bank's staff for their dedication to the EBRD mission as well as for the outstanding performance and record delivery in 2019, especially in the green agenda. In light of the challenging events of the last 6 months, I think we made the right decision to take a step back and give ourselves extra time to reflect on these events in our new medium-term strategy.

Going forward, I fully endorse the Bank's unique focus on private sector, green transition, mobilisation of private investment, and ever more important innovation & digital transition. I appreciate that, without hesitation, the Bank has firmly united behind its countries of operations: stepping up support in response to the crisis and acting quickly when introducing the Solidarity package to help our clients in need. I am pleased to see that in times of crisis we can put our differences aside, with priority duly given to all our existing recipient countries, rather than to ambitious plans for geographic expansion or graduation.

Based on the Czech experience, I firmly believe that once a country is ready to graduate, it will do so proudly and solely on its own conviction, without a need for external pressure. I would like to emphasize that as the first and only graduated country, we indeed take pride in our achievements since the Velvet Revolution. When the financial crisis hit just months after our graduation date, we did not seek the Bank's support. Having gone through the painful experience of our own financial crisis in the late 90s, we felt reasonably well equipped to deal with the crisis at that time and we did not look back.

The times have changed. The Czech Republic, a small export-oriented economy dependant on trade, is being severely hit by the pandemic as well as the impact of the preventive measures taken by our key trading partners. As a result, the economy is entering a phase of deep recession with GDP already dropping by 11% in the 2nd quarter of 2020, representing the largest plunge of the Czech economy in the entire history of the country. Facing these exceptional circumstances, we would now like to explore the possibilities of deeper EBRD's involvement in the Czech Republic in order to help us tackle the crisis outbreak and prevent transition reversals. In this regard, we hope for your understanding and support. To clarify, this is not an official request for return, rather an invitation to asses the potential for EBRD's involvement given the Bank's mandate.

Finally, I would like to support the Bank's new medium-term strategy; with one last remark: if our genuine common goal is to increase investments in our less advanced countries, I respect and wholeheartedly support such efforts. However, given that there is enough capital capacity, there **must be** more considerate and credible ways to achieve this goal, **without** preventing other countries from narrowing their transition gaps, and certainly without pushing for regional trade-offs at the time of unprecedented crisis.

Thank you