

JAPAN

**Statement by the Honorable NAKANISHI Kenji,
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At the 29th Annual Meeting of the European Bank for Reconstruction and Development**

October 7th, 2020

1. Introduction

Madam Chair, Mr. Acting President, distinguished Governors, ladies and gentlemen:

On behalf of the Japanese Government, I am honoured to address the 29th Annual Meeting of the European Bank for Reconstruction and Development (EBRD).

This year's annual meetings are being held for the first time in a fully virtual format due to the spread of the COVID-19 pandemic. This has been a great challenge for both the EBRD and its member countries, and I would like to express my sincere gratitude to the EBRD staff for their efforts in preparing for these virtual meetings under the leadership of Mr. Rigterink, Acting President.

2. EBRD operations

Since its establishment in 1991, the EBRD has made significant contributions to promoting democratisation and transition towards an open market economy in the former communist countries and more recently, in the Southern and Eastern Mediterranean (SEMED) countries.

Currently, many of the EBRD's Countries of Operations (COOs) are suffering severe economic damage caused by the spread of COVID-19. Under these circumstances, the EBRD has been playing a significant role in supporting these countries, with its COVID-19 Solidarity Package swiftly introduced in March and actively implemented.

To ensure the most effective and efficient use of the EBRD's limited resources, Japan believes that the EBRD's support should be targeted at the geographical areas and sectors in which the maximum transition impact can be achieved. Specifically, we urge the EBRD to fully support the Early Transition Countries (ETCs), including Central Asian countries and Mongolia, which are still in early stage of transition to an open market economy, so as to help these countries move to the next stage of transition without undue delay. We highly appreciate that the Annual Bank Investment in the ETCs in the first half of 2020 increased enormously compared to the same period last year.

3. Strategic and Capital Framework (SCF) 2021-2025

The agenda of this virtual Annual Meeting includes the resolution on the SCF 2021-2025, which shows the EBRD's direction for the next five years starting from 2021. Japan supports the resolution

and highly appreciates the efforts by the EBRD management and staff who have reflected various views among member countries after tense discussions for over two years.

Japan believes that further discussions at the Board of Directors and the Board of Governors should be continued towards the Mid-Term Review of the SCF. I would like to explain Japan's views on our two priority issues: (i) graduation from the EBRD's COOs status; and (ii) EBRD's potential expansion to Sub-Saharan Africa.

With regard to graduation of the Advanced Transition Countries (ATCs) with higher income, we fully understand that the ATCs should focus on responses to the COVID-19 crisis at this moment. We also acknowledge concerns among some ATCs that they may suffer again from damage caused by any crises after graduation. However, these concerns can be addressed by introducing an innovative approach including the provision of a rapid right of return in the case of a crisis after graduation. Japan strongly believes it important to set a path and plausible pace of graduation in country strategies for the ATCs after the current crisis.

As to whether the EBRD should expand its geographical scope to Sub-Saharan Africa, Japan believes that consensus among member countries is crucial. Thorough discussion is required on areas where engagement by the EBRD can be additional and complementary to other IFIs, etc.

4. Japan's expectation of the EBRD

The EBRD is a global institution that includes non-European countries in its membership, and as such, voices of non-European members should be reflected in its institutional management. As the second largest shareholder, Japan is willing and ready to proactively participate in the EBRD's governance going forward.

In order for the EBRD to respond flexibly and effectively to the increasingly diversified and complex needs in its COOs, the EBRD should further promote diversity among its staff, including nationality diversity. Japan expects the EBRD to select the right people from the global talent pool for the right positions, and be equipped with well-diversified human resources at all staff levels. Japan will further contribute to the EBRD in this endeavour through qualified Japanese staff.

Since its opening in March 2016, the EBRD's Representative Office in Tokyo has made significant contributions to business development with Japanese companies, enhanced visibility of the EBRD in Japan, and promotion of other EBRD activities including recruitment of Japanese nationals. We are very much looking forward to this office continuing to actively bring together the EBRD's support and Japan's knowledge and skills for the EBRD's operations.

5. Conclusion

Cumulative transition to an open market economy in COOs is the major achievement of the EBRD and should not be reversed. Under the leadership of the new President elected and under the guidance of the next SCF approved during this Annual Meeting, Japan expects the EBRD to be proactively engaged in addressing various challenges arising from COVID-19 and to play a leading role in the post COVID-19 era.