

Statement by the Honorable SUZUKI Shunichi
ADB Governor for Japan
at the Fifty-fifth Annual Meeting of the Board of Governors of
the Asian Development Bank
(Manila, Philippines, 29 September 2022)

1. Introduction

Mr. Chairperson of the Board of Governors, Mr. President, Governors, Ladies and Gentlemen:

First of all, I am pleased that I can physically participate in the annual meeting for the first time since the spread of the COVID-19 pandemic. I would like to express my sincere gratitude to the Government of the Philippines for their warm welcome. I would also like to show my respect to President Asakawa, ADB management and staff for their efforts in preparing for this annual meeting despite the remaining aftermath of COVID-19.

Prior to my statement, I would like to express my deep appreciation for the condolences expressed by many countries to the tragic passing of Former Prime Minister ABE Shinzo, and participation in the state funeral held the other day in Tokyo.

2. Japan's Development Priorities

The economies of the Asia-Pacific region were on the path to recover from devastating impacts of the COVID-19 pandemic due to the progress of vaccination efforts supported by ADB's assistance to procure and deliver COVID-19 vaccines safely and effectively. However, Russia's continued aggression against Ukraine and tightening financial conditions along with global inflation have hampered economic recovery, and as a result the region remains in a difficult economic situation.

In order to achieve sustainable, resilient, and inclusive growth while minimizing the impact of current economic risks of rising energy prices and food insecurity, and to achieve medium-term priorities such as enhancing investment in public health as well as addressing climate change and energy transition, Japan focuses on the following five priorities.

(1) Global Health

Japan has long been calling for the prioritization of global health and has been promoting Universal Health Coverage (UHC) in developing member countries (DMCs), together with the international community including ADB. Strengthening potential future pandemic prevention, preparedness, and response (PPR) as well as promoting UHC that contributes to the PPR is important not only for enhancing health systems in DMCs, but also for ensuring sustainable economic growth. Japan expects ADB to continue to play a leading role in global health.

(2) Education

The closure of schools due to COVID-19 has affected many students around the world. Distance learning was widely adopted during school closures to ensure continuity of learning, but in many areas of the Asia-Pacific where the internet was not broadly available, children in poverty were

disengaged from the educational system.

Human capital development supported by quality education is an essential element for sustainable economic development. Japan supports ADB's efforts to secure equal educational opportunities and promote expansion of quality education through the Japan Trust Fund.

(3) Food Insecurity

While COVID-19 has pushed many people in the Asia-Pacific region back into poverty and left them in vulnerable circumstances, the impact of Russia's aggression against Ukraine has been further affecting them negatively. Rising oil, gas and fertilizer prices as well as food price hikes due to supply chain disruptions are severely impacting socially vulnerable groups in particular.

In this regard, Japan highly appreciates ADB's response to the current food security crisis by providing prompt financing support to crisis-affected DMCs through strengthening of the Countercyclical Support Facility (CSF). Japan hopes that ADB will continue to actively support DMCs to address food insecurity and other economic risks. Japan has focused on nutrition improvement for a long time, and will support ADB to address malnutrition in DMCs through the Japan Trust Fund.

(4) Climate Change

Climate change is a global challenge in promoting greener, more prosperous and inclusive economic growth. It is important to ensure reliable, affordable and accessible energy for all in the Asia-Pacific region while keeping in mind the impact of increases in energy use on climate change. At the same time, it is also important to support a just element of transition towards decarbonization.

The Asia-Pacific region emits more than half of the world's greenhouse gases, therefore efforts by major emitters will be a key. To reduce greenhouse gas emissions, it is necessary to promote transition finance to accelerate the transition to clean energy in line with each country's circumstances based on its ownership. In this regard, at COP 26, Japan pledged \$25 million to the Energy Transition Mechanism (ETM), an innovative initiative to encourage the early retirement of coal-fired power plants and the introduction of renewable energy. Japan welcomes the progress of the ETM and looks forward to proactive contributions to this important initiative from other donors.

In order to avoid or reduce the damage associated with the increasing impact of climate change, it is essential to enhance resilience to natural disasters through adaptation measures, along with mitigation measures. In particular, it is important to respond to the needs of Pacific Island countries, as they are particularly susceptible to climate change. Japan welcomes ADB's proactive efforts as Asia-Pacific's Climate Bank and will continue to support ADB to address climate change in the region.

(5) Debt Transparency and Sustainability/Domestic Resource Mobilization

Global uncertainties, caused by COVID-19 and soaring energy prices due to Russia's aggression against Ukraine, have further heightened the risk of debt vulnerabilities not only in low-income countries but also in middle-income countries. In this context, all creditors should cooperate to provide support in a coordinated manner, while debtor countries undertake reform efforts towards achieving a sound level of debt. In order to prevent future debt crises, enhanced debt transparency through information sharing is critical during normal times. Japan expects ADB to mobilize its expertise and to work with the IMF and the World Bank to enhance debt management capacity and

debt transparency in DMCs.

It is also important to strengthen the domestic resource mobilization (DRM) by expanding the tax base and improving tax administration capacity, as well as to coordinate on international taxation including through modernizing the taxation system amid the digitalization of the economy. Japan expects the Asia-Pacific Tax Hub, established by ADB last year to promote DRM and international tax cooperation, to start active operation soon as an open and inclusive initiative. Japan will contribute to its operation as the largest donor.

3. Organization Review

ADB is currently undergoing organizational review under the leadership of President Asakawa, based on the changing environment surrounding development needs and the experience of COVID-19. We recognize that this review is aiming for optimization in order to more effectively address development needs in the Asia-Pacific region. For realizing sustainable management of the organization, Japan expects the knowledge accumulation, which is necessary to address development needs, as well as the promotion of diversity including the aspect of gender.

4. Conclusion

ADB is playing an increasingly important role for an early economic recovery in the midst of combined crises of COVID-19, Russia's aggression against Ukraine, energy price increases, food insecurity, and natural disasters magnified by climate change. Japan hopes that ADB, under the outstanding leadership of President Asakawa, will continue to play a leading role for more sustainable, resilient, and inclusive growth in the Asia-Pacific region, drawing on its extensive knowledge and network and working closely with member countries and other international organizations. Japan will continue to cooperate hand in hand with ADB and contribute to further prosperity of the region.