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**At the Fifty-Fifth Annual Meeting of the Inter-American Development Bank and the
Twenty-Ninth Annual Meeting of the Inter-American Investment Corporation
Costa de Saúípe, Brazil, March 30, 2014**

1. Introduction

Mr. Chairman, Mr. President, distinguished Governors, ladies and gentlemen,

On behalf of the Japanese Government, I am honored to deliver message at the 55th Annual Meeting of the Inter-American Development Bank (IDB) and the 29th Annual Meeting of the Inter-American Investment Corporation (IIC). I would also like to express our sincere gratitude to the Government of Brazil for hosting these meetings, and to the people of Costa de Saúípe in the state of Bahia, for their warm welcome.

2. Private Sector Development

The Latin America and Caribbean (LAC) region, along with Asia, is considered to be a growth center of the global economy. The region's GDP is 2.5 times as large as that of ASEAN. Japan is the world's fourth-largest and Asia's largest investor in Latin America. The number of Japanese companies expanding into the LAC region has been consistently increasing, and the interest of Japanese companies in the region is stronger than ever before.

In November last year, the Japan-LAC Business Forum was held in Tokyo, which was very successful. Given the significant participation by many representatives from the LAC region, the Forum served as an occasion for constructive discussions and helped to provide valuable business opportunities. We hope that the forum will be held regularly so that it can serve as a bridge of business opportunity between Japan and the LAC region. Needless to say, this forum helped to strengthen the business relations between Japan and the LAC region, but it also reminded us of the importance of economic growth led by the private sector in the LAC region, where there are many middle-income countries with a relatively well-developed economy.

From this perspective, we welcome the progress of discussion at the IDB on private sector reform. The knowledge and convening power that the IDB has cultivated thus far will provide the bank with a significant advantage when assisting the private sector in the LAC region. The IDB will need to make use of this advantage to give support to the private sector in a more

efficient and effective manner. We hope that the IDB will engage in discussion this issue steadily, rather than rushing through it, taking into consideration donors' intension, so as to ensure that effective and realistic reforms are carried out.

The Multilateral Investment Fund (MIF) also has an important role to play in the IDB's support for the private sector. Since its establishment in 1993, the MIF has been providing innovative support, including technical assistance and support for micro enterprises, in order to promote private investment. MIF's activities have been highly appreciated in the LAC region. For its part, Japan also appreciates the MIF's unique characteristics and form of assistance as well as its results of assistance. Japan is proud of our past contribution to the MIF as the second-largest donor.

3. Climate Change

We may say that the LAC region is one of the areas where renewable energy is being introduced most widely. For example, Brazil is the world's largest exporter of bioethanol, while Mexico has one of the world's largest geothermal power generation capacities. Costa Rica is also an environmentally advanced country; deriving more than 90% of its total electricity supply from renewable energy, and it aims to become a carbon-neutral country which fully offsets its emissions of greenhouse gases with its absorption of the gases.

The LAC region is exposed to natural disaster risks such as the threat of a rise in sea level faced by island nations and hurricane damage. Climate change is believed to be one of the factors behind the increase in natural disasters in recent years. From this perspective, Japan appreciates environmental-friendly efforts in the LAC region, including the introduction of renewable energy, and the IDB's proactive support to address climate change issues as one of the priority areas.

In particular, there are high expectations for the promotion of energy efficiency and introduction of renewable energy in the LAC region. Under these circumstances, at the Annual Meeting of the IDB in Montevideo in 2012, Japan announced the CORE (Cofinancing for Renewable Energy and Energy Efficiency) framework for providing yen loans equivalent to 300 million dollars to the Central America and Caribbean region over five years through cofinancing with the IDB by making use of Japan's advanced knowledge in the field of energy efficiency and renewable energy. Japan and the IDB have signed an agreement on the expansion of the framework, including an increase in the amount of yen loans to an equivalent of 1 billion dollars. We hope that this framework will contribute to encouraging climate change measures in the region and also providing further opportunities in which advanced Japanese technologies for environmental protection are actively exploited.

4. IDB's Financial Management

Keeping up with strong demand in the region is one of the roles played by the IDB when the bank promotes regional development. As a prerequisite for this, the IDB must maintain sound management as a regional development bank. This is one of the most important challenges for the IDB. It is essential for the IDB to maintain the highest credit rating just as other major Multilateral Development Banks (MDBs).

While it is desirable for any MDBs to maximize its support to member countries while maintaining the highest rating and making efficient use of its capital, regional development banks in particular face constraints on the diversification of their portfolios because borrowers are limited to those in their own regions. IDB is no exception in this respect, thus the recent revision by the rating agencies of the rating approach applied to MDBs provides an important opportunity for reviewing the capital policy.

From that perspective, we welcome the start of the process of reviewing the IDB's Capital Adequacy Policy. As this process is closely related to organizational reform of private sector, Japan will also be actively involved in the process of reviewing the policy.

5. Conclusion

Thanks to the effects of its "three arrows" of Japan's economic revitalization policies, commonly referred to as "Abenomics", Japan is regaining the economic self-confidence that it lost during the prolonged deflation period. Recently, Japan's GDP has recorded four consecutive quarters of positive growth, indicating that the country's economic recovery is becoming more broad-based. Japan and the LAC region are linked with a long-lasting and stable relationship through immigration exchanges as well as trade and investment activities. We are pleased to see that the right conditions are being created for Japan to continue to contribute to the LAC region as a stable partner.

Japan hopes to continue to contribute to regional development as the largest non-regional supporter in the IDB, as a stable economic partner of the LAC region and as a bridge between the region and Asian countries.

Last but not least, I am looking forward to Brazil's hosting of the FIFA World Cup this year and the Olympic and Paralympic games two years later, and I have great hope that these events will prove highly successful, both in terms of their economic benefits but also in demonstrating to the world the energetic and confident character of the LAC region.

Thank you very much for your kind attention.