

**Statement by the Honorable Satoshi OIE,
State Minister of Finance, the Government of Japan
at the 31st Annual Meeting of the European Bank for Reconstruction and Development**

Marrakech, Morocco - May 11th, 2022

1. Introduction

Madame Vice Chair, Madame President, distinguished Governors, ladies and gentlemen:

On behalf of the Government of Japan, I would like to express my sincere gratitude for the warm welcome extended by the Government of Morocco and by the people of Marrakech at the 31st Annual Meeting of the European Bank for Reconstruction and Development (EBRD). This annual meeting is being held in a hybrid format, providing the first face-to-face meeting opportunity after two years of fully virtual meetings. It is also the first annual meeting in North Africa. Japan highly appreciates the EBRD staff for their efforts in preparing for this year's challenging annual meeting.

Russia's aggression against Ukraine is a unilateral attempt to change the status quo by force and a blatant violation of international law that undermines the foundation of the international order. Moreover, atrocities against civilians are breaches of international humanitarian law and war crimes. Maintaining peace is indispensable for international economic and social cooperation, including development assistance for developing countries, and therefore, Russia's acts in violation of this are absolutely intolerable. Japan vehemently condemns these acts.

For more than 30 years, the EBRD has been supporting the transition towards open market-oriented economies in the Eastern European countries and the former Soviet Union countries. As clearly articulated in the Preamble and Article 1 of the Agreement Establishing the EBRD (AEB), universal values such as multi-party democracy, the rule of law, respect for human rights and pluralism have been the core principles of EBRD's activities. From this perspective, Japan welcomes that the EBRD's Board of Governors swiftly decided to suspend and modify access to Bank resources by Russia and Belarus under Article 8.3 of the AEB.

2. Support for Ukraine and affected countries

The international community must urgently provide support for Ukraine. Japan welcomes the EBRD's immediate announcement of the Resilience Package, and the decision on the Resilience and Livelihoods Framework with an initial value of up to €2 billion. The impacts of the Russia's aggression against Ukraine have not been confined only to Ukraine, but also spread to surrounding countries notably through displacement of evacuees, and further to the entire world, including the

EBRD's Countries of Operations (COOs), through rises in energy and food prices, and through trade and financial channels. It is important to deliver support to those people suffering from such impacts as soon as possible.

From this standpoint, EBRD should focus on responding to urgent needs in Ukraine and affected countries and provide support for future reconstruction needs when conditions allow. Given that this general direction is reflected in the draft Resolution of the Board of Governors, Japan supports the resolution.

To support these EBRD initiatives, I am pleased to announce that Japan has decided to transfer grant resources of US\$ 27.5 million in the Russia Small Business Fund to be utilised for the response to Ukraine. We will proactively consider further assistance for Ukraine and affected countries via the Japan-EBRD Cooperation Fund (JECF).

3. EBRD's possible limited and incremental expansion to sub-Saharan Africa and Iraq

Regarding the potential expansion of COOs, Japan has been constructively engaged in the discussion, based on our agreement in the Strategic and Capital Framework 2021-2025. While we are open to further discussion on potential expansion to Sub-Saharan Africa and Iraq in the near future, EBRD should focus its support on the response to urgent needs in Ukraine and affected countries as its top priority at this point. It would be more sensible to consider and make a concrete decision on potential expansion when we have a clearer perspective on the situation in Ukraine and related future needs.

When considering any potential expansion, given that it would be made possible by utilising EBRD's surplus resources, it is essential that the current COOs should not be affected and that any expansion should not lead to a capital increase. Japan supports the draft Resolution of the Board of Governors, which calls on the Board of Directors to reconfirm that any limited and incremental expansion to sub-Saharan Africa and Iraq would not in itself impair the Bank's ability to support its existing COOs, compromise the Bank's triple-A credit rating, or lead to a request for additional capital contributions, taking into consideration the impact of the war on Ukraine and the Bank's response,.

4. Japan's contributions to the EBRD

The EBRD is a global institution that includes non-European countries in its membership. Japan appreciates that Madame President is striving to reflect the voices of non-European members in the Bank's institutional management. As one of the second largest shareholders, Japan is willing and

ready to proactively participate in the discussion of EBRD's important policies and is actively involved in the EBRD's governance.

In order for the EBRD to respond flexibly and effectively to the increasingly diversified and complex needs of its COOs, the EBRD should further promote diversity among its staff, including nationality diversity. Japan will further contribute to the Bank in this endeavour through qualified Japanese staff.

Under the cooperation between Japan and the EBRD, the EBRD Tokyo Representative Office has moved to a new location, while strengthening its structure with additional human resources and functions. In addition to contributing to business development by engaging Japanese companies, Japan expects that the Office will play an important role in further enhancing the visibility of the EBRD in Japan and promoting the recruitment of Japanese nationals. In order for the Office to play an even more active role in mobilising Japan's knowledge and skills for the EBRD's operations, Japan is ready to give its utmost support to the Office.

5. Conclusion

More than a year and a half has passed since Madame President took office. Under her strong leadership, Japan expects the EBRD to continue to actively and flexibly address various pressing challenges and to draw on its expertise to play a leading role, including through its responses to the COVID-19 crisis and to urgent needs in Ukraine and affected countries.

Japan is determined to proactively contribute to the EBRD, so that the Bank can keep adding value as transition bank.