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**THIRTY-FIFTH ANNUAL MEETING OF THE ASIAN DEVELOPMENT BANK
ADDRESS BY
THE CHAIRMAN OF THE BOARD OF GOVERNORS
AND MINISTER OF FINANCE OF THE PEOPLE'S REPUBLIC OF CHINA
HONORABLE XIANG HUAICHENG**

I thank His Excellency, President Jiang Zemin, for honoring us with his inspirational remarks at the Opening of the 35th Annual Meeting of the Asian Development Bank (ADB). His presence here today is testimony to the highest regard that the People's Republic of China (PRC) has for ADB.

As Chairman of the Board of Governors, I am delighted to welcome delegates from ADB's member countries, observers from multilateral organizations, distinguished guests, and all other participants. I would particularly like to congratulate Portugal, which has recently become ADB's 60th member.

It is a pleasure to see so many of you here in Shanghai. Indeed, Shanghai is the right city to host the ADB Annual Meeting. It has long been an economic, financial, and cultural center, and a frontier of the PRC's opening to the outside world. It has also been the beneficiary of a number of major ADB-financed projects. In this city, you can feel the progress the PRC is making, and you can sense the good relations between the PRC and ADB.

Relationship between the PRC and ADB

The relationship between ADB and the PRC is strong and growing. Since joining ADB in 1986, the PRC has borrowed \$11.3 billion from ADB to help finance 90 investment projects and has received \$196 million in technical assistance grants to support 381 projects. ADB has been involved in many sectors of the economy—transportation, energy, industry, agriculture, water resources, environmental protection, finance, social security, enterprise reform, legal and regulatory reform, and others. More than 60% of the loans have supported infrastructure development, and more than 60% of the projects are located in the central and western regions. These figures indicate that ADB's support has focused on our national development priorities. ADB's assistance has played an important role in providing financing, introducing advanced technology and managerial experience, helping to remove transport and energy bottlenecks, promoting economic growth, reducing poverty, and protecting the environment. As an ADB governor, I am pleased to see that the successful cooperation between the two sides has both supported our development and enriched ADB's own development theory and operational practice. Our ties were further strengthened with the opening of the resident mission in Beijing in 2000.

To commemorate our 15 years of partnership, the PRC and ADB have jointly published a book entitled *Building The Future Together*. This title perfectly encapsulates our burgeoning relationship, and the book depicts successful ADB-financed projects, many of which have been in the infrastructure sectors. One of the pictures shows a female of ethnic minority in southwestern PRC. She is talking with her client on her cell phone while tending watermelons

on her land. It is ADB-financed telecommunications projects that make it possible for people in remote areas to communicate with their markets conveniently. There are many more pictures like this. All of them vividly show how ADB's projects have improved ordinary people's lives. And here exactly lies the reason why the Chinese people welcome ADB and why the Government supports ADB.

Looking to the future, we expect ADB assistance to be continuously channeled toward the development of the central and western regions where most of the PRC's poor live; toward the PRC's economic system and technological innovations; and toward the PRC's balanced, stable, and sustainable economic development. In the context of globalization, the PRC will also be an active participant in ADB's regional economic cooperation initiatives, which are designed to enhance economic and trade links with neighboring countries.

Ladies and gentlemen, the PRC is developing quickly. Great changes are taking place too in the external environment. Globalization presents massive opportunities, as well as great challenges. As a new member of the World Trade Organization, the PRC will be unswerving in its promotion of sustainable economic development based on further economic integration with the rest of the world. We look forward to ADB's continued, steadfast support in this process.

The Annual Report

Governors, ladies, and gentlemen, let me turn now to the Annual Report of the Board of Directors for 2001. It provides a comprehensive statement of the work ADB undertook during a year of many natural and manmade calamities. In 2001 economic growth slowed in nearly all countries and some countries fell into recession, setbacks made worse by the dreadful 11 September terrorist attacks in the United States. But the Annual Report mentions too that 2001 was a year of "cooperation, consultation, and commitment." Indeed, its theme chapter is on regional cooperation, a Charter commitment of ADB, so there were some very encouraging trends.

As the Annual Report notes, leadership in regional cooperation is a special feature of ADB's medium-term strategy for 2001–2005 endorsed by its Board of Directors last year. This was one of a number of significant strategies adopted during an extremely productive and fertile 12 months. Among them were:

- the long-term strategic framework, charting ADB's course to 2015;
- a new strategy for helping developing member countries (DMCs) seize opportunities created by information and communication technology;
- a Pacific strategy for the new millennium, emphasizing regional cooperation among Pacific island countries;
- a strategy for water resources; and
- a strategy for social protection.

ADB also continued in 2001 to implement its private sector development strategy approved in early 2000. ADB now plays an important role in catalyzing private investment through its own financial participation in projects and the provision of risk mitigation facilities.

The 2001 Annual Report also features initiatives taken by ADB to begin the reconstruction of Afghanistan, a founding member of ADB. Much has to be done by the international community to rebuild Afghanistan, but clearly ADB has contributed significantly to a very good beginning. I

congratulate the management of ADB on responding with alacrity to the challenges facing Afghanistan and its neighboring countries.

ADB's Role in Development

Nowadays there is much public debate about international financing institutions, including the regional development banks. Their role was discussed at the United Nations (UN) Millennium Summit held in 2000 and again at the UN International Conference on Financing for Development that took place in Monterrey, Mexico, in March this year. The Monterrey Consensus acknowledges the vital role played by regional development banks, and notes that they are a "vital source of knowledge and expertise on economic growth and development for their developing member countries."

I believe that ADB, as the premier development financing institution for the Asian and Pacific region, has indeed a "vital role" to play in supporting the economic and social progress of its DMCs. It has proven its worth as a partner in the financing of projects and programs, a provider of technical assistance, a wise counselor, and a catalyst for development funding from other sources. As I recall, President Chino has often likened ADB to a family doctor to its members. Indeed, ADB has the qualities that only a family doctor enjoys. It's empathy for the needs of the people of Asia and the Pacific, its flexibility, its pragmatism, its financial prudence, and its adherence to the sound principles of its charter—these have enabled it to carve out a special role in the socioeconomic progress of our region.

Looking ahead, ADB must build on these strengths in pursuit of its mandate. Some of the most dominant themes of our times—the fight against poverty, the need for sustainable economic growth, the protection of the environment and fragile ecosystems, and the challenges and risks of globalization—must continue to be the main focus of its work.

Poverty reduction is of course at the heart of ADB's endeavors. It is pleasing to note that some of ADB's DMCs have already made very good progress toward achieving the goals set out by the international community of nations, and that in its statement to the Monterrey Conference ADB reaffirmed its commitment to work closely with its members for the attainment of these goals. Essential to their realization is the achievement of steady sustainable growth in our economies. It is indeed a prerequisite for enduring poverty reduction. This will, I am sure, be a significant focus of the upcoming World Summit on Sustainable Development in Johannesburg.

Globalization, as I already noted, is another great challenge not only for my country but also for all the DMCs of the region. It is pleasing to see ADB at work in so many areas—strengthening financial sectors; developing capital markets; improving banking supervision; and providing better social protection programs, education, and training—all aimed at helping DMCs win the advantages of globalization while containing the downside.

Regional cooperation too plays an important role in strengthening the capabilities of our DMCs to respond to globalization. ADB has long been active in fostering regional and subregional initiatives in Asia and the Pacific. Now virtually every subregion in Asia and the Pacific has a cooperation program that ADB has initiated or supports, and the PRC is an active participant in the Greater Mekong Subregion and Central Asia initiatives. ADB also actively participates in ASEAN-based initiatives. The Monterrey Consensus calls upon the multilateral development banks to facilitate regional cooperation, and ADB, as a pioneer in this regard, can be proud of its contribution.

Protecting the environment is the fourth challenge I mentioned. Without protection of nature, containment of pollution, and conservation of resources, there can be no development that is truly sustainable. This said, it is by no means easy to overcome the financing, technical, and institutional problems that beset the quest of ADB's DMCs for development initiatives that are in harmony with the natural world around us. The video shown just before the opening of this Annual Meeting highlights the excellent partnership between ADB and the PRC in environmental protection, clearly illustrating the benefits—indeed the absolute necessity—of an effective, caring, and supportive regional development bank. No comparable international mechanism exists to undertake this important work.

Reorganization of ADB

In this context, let me note that all institutions have to evolve in order to remain effective and relevant to the changing needs of their clients. ADB has continually adapted its priorities, its modalities, and its structure. I am very pleased that President Chino—through the recent reorganization of ADB—is ensuring that ADB is now even better positioned to deliver its mandate. It has more tools to achieve its vision of an Asia and Pacific region free of poverty.

Conclusion

To attain its lofty goals ADB needs the support of all shareholders, developing and developed, regional and nonregional. Only with this support can ADB continue to help the people of our vast region to find jobs, be healthier, and get a better education. With our support, ADB can foster better social protection, greater environment awareness, and more regional cooperation. Most important of all, it can help its members to eliminate the scourge of absolute poverty that still besets Asia and the Pacific.

It is our joint responsibility as owners of ADB to ensure that it has the resources to undertake its great mission.

In closing, let me once again welcome you to the 35th Annual Meeting and to Shanghai. I wish you all a very successful meeting. I also hope that those of you who are visiting Shanghai for the first time will have an opportunity to explore this great city, and to appreciate its people and culture. We are so pleased that you are here today. As the ancient Chinese sage Confucius said, "What a pleasure to have friends from far away."