

## THE NETHERLANDS

CASPAR VELDKAMP, Head of Delegation

We would like to thank Spain for its hospitality in hosting this annual meeting in Madrid. We would also like to thank President Kuroda and his staff, and to express appreciation for the enormous amount of work put into the preparations for this annual meeting and the negotiations for the ninth replenishment of the Asian Development Fund (ADF X).

This annual meeting shows us, once again, to what extent Madrid and Spain are connected to other countries and continents. Spain and the Netherlands are connected too and have been for centuries. Spain's *siglo de oro* was followed by the Dutch Golden Age. Historians are still discussing how exactly this came about. One thing is clear: connectivity is not such a new phenomenon. Its significance today arises from its increasing impact, as a result of deepening globalization and the information age.

The global economy is undergoing a profound shift. We are experiencing one of the most important transformative processes of our time. The first decade of the 21st century has been dominated by new Asian dynamism and its consequences. For years we have talked about "Asian tigers", increasingly we are discussing "Asian drivers"—of growth, development, and global change. Asia's rapid development is reshaping the world as we know it and not just in economic terms. It brings us new opportunities, and contributes to new challenges.

I would like to address three topics: new scarcities, new opportunities, and setting sail for Bali.

### **New Scarcities**

We are dealing with an often interconnected set of global challenges—climate change, rising commodity prices, lack of arable land, and inflationary pressures. We are confronted with new scarcities: of food, feed, and fuel. Changes in the structure of supply and demand are becoming clear.

Our efforts to break the cycle of poverty and to achieve the Millennium Development Goals (MDGs), will be affected. **Rising food prices** demand urgent attention, for humanitarian and other reasons. Malnutrition is not only a consequence, but also a cause of poverty and insecurity.

The right policies need to be developed to help farmers produce more food. There are downsides to many current short-term policy initiatives. Price and export controls could remove incentives for farmers to produce more. Food price subsidies may have harmful budgetary consequences and prove to be wasteful, since wealthier consumers would often benefit more

than those truly in need. Short-term policy measures at least require the consideration of sound exit strategies.

In the longer term, **we will need innovation** and investment to boost productivity throughout the agricultural value chain; to make production and logistics, distribution, more efficient; to enhance market access and support institutions; and to make financing more effective. Multilateral institutions play an important role in helping to find and implement solutions. We commend the Asian Development Bank (ADB) for having taken initial steps in this regard.

### **New Opportunities**

The increasing integration of Asian economies into the global economy has brought huge benefits and new opportunities for many. However, the problem remains how to maximize positive consequences and **render economic growth more inclusive**. Distribution of wealth affects the quality of life. Increasing inequality actually reduces overall societal well-being across the income spectrum. ADB's long-term strategic framework 2008–2020 (Strategy 2020) and the donors' report of ADF X underline the importance of inclusive growth.

Those at the bottom of the pyramid need their share. People will continue to be denied the opportunity to enjoy the fruits of development when economic liberalization is not complemented by political liberties that allow citizens to democratically aggregate their demands, hold their **leaders accountable**, defend universal human rights, and let civil society flourish.

Moving people from the margins to the mainstream also means investing in all human capital – including that of women and girls. We need to help mobilize their action potential. There are more women in the Asian labor market than before. They deserve extra attention and we appreciate ADB's gender action plan in this regard.

### **Setting sail for Bali**

The **ADF X** replenishment has been concluded successfully. Nonregional and regional members will contribute to a replenishment to help achieve the MDGs in Asia. This is and must be a shared responsibility.

ADB's **Strategy 2020** has been completed. With 2020 on the horizon, we are now setting sail for Bali. On the way there, our ship will pass several markers. The **results framework** needs to be finalized *and* used. **Safeguards** will remain important. **Resident missions** need to be strengthened. ADB has been breaking new ground on several **human resources** matters this year. We hope ADB will pursue these efforts vigorously during the coming year. The **financial consequences of Strategy 2020** will be discussed. We understand ADB's desire to finalize a general capital increase before the next annual meeting, but consider this quite ambitious. ADB should explore alternative financial scenarios to help countries reduce poverty.

Asia has shown that countries can lift their inhabitants out of poverty with awesome speed, if countries make smart decisions and move in the right direction. The extent to which emerging markets in Asia have provided engines of worldwide growth shows that development is not a zero-sum game. Continuing on the road to make poverty history will require addressing the challenges that arise when growing economies and rising incomes collide with limited natural resources. Solutions can be found, and will require governance through global organizations such as the World Trade Organization (WTO), the United Nations, the International Monetary Fund (IMF) and the World Bank and regional organizations such as ADB. ADB can be a generator and systems integrator of development activity throughout the region. Asia's bank, relevant to Asia's future and to us all, helping on the road toward a new Golden Age.