

Burkhard Balz: Closing remarks - "Strengthening the National Bank of Belarus"

Closing remarks by Mr Burkhard Balz, Member of the Executive Board of the Deutsche Bundesbank, at the EU Twinning Project "Strengthening the National Bank of Belarus", Minsk, 10 July 2019.

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1 Introduction

Mr Kalechits,

Mr Samecki, Ms Kuniyoshi, Ms Wiktorin,

your excellencies,

distinguished guests,

ladies and gentleman,

First of all, I would like to thank you for the warm welcome and your kind introductory remarks.

I'm delighted to be here in Minsk today to celebrate with you all the successful conclusion of the EU twinning project with the National Bank of the Republic of Belarus, Narodowy Bank Polski, Lietuvos bankas and the Deutsche Bundesbank.

Just a few days ago, our countries were still engaged in sporting rivalry as part of the 2nd European Games here in Minsk. The city was abuzz with more than 4,000 athletes from 50 nations, and when I look around me, there are still lingering reminders of this event. What we are celebrating today, though, has attracted slightly less public attention, even though it is certainly no less significant. It is something that our central banks – representing our four countries – have achieved **together**: the first EU twinning project for Belarus and the first EU twinning project for the National Bank of the Republic of Belarus.

It's something that all the stakeholders can be proud of. And that's why I'd like to take this opportunity to thank everyone involved for all their dedication and hard work.

2 The role and task of central banks

Ladies and gentlemen,

On 14 May, the European Union marked the 10th anniversary of the Eastern Partnership in Brussels together with the six Eastern Partnership countries, including Belarus.

Jean-Claude Juncker, President of the European Commission, used this high-level conference to emphasise that the Eastern Partnership is fundamentally a future-oriented partnership for the citizens and with the citizens. He said: "Together we are working towards stronger economies, stronger governance, stronger connectivity and stronger societies."

While our EU twinning project is just one building block in this broadly based cooperation process, no one should overlook the fact that central banks in particular are important government institutions. After all, they ensure that monetary systems continue functioning both at a national and an international level.

Economic systems based on the division of labour need stable money to run smoothly. You see, only stable money serves the general public and enterprises in equal measure as a medium of

exchange, unit of account and store of value.

As you will no doubt be aware, modern central banks use their monetary policy to keep the value of money stable. And yet there is more to monetary policy than just setting policy rates or banks' refinancing volumes.

Indeed, monetary policy also involves constantly reminding economic, societal and government actors not to undermine the value of money, for example through excessive demands and cooptation.

Central banks have to perform their tasks in a political and economic environment all of their own. There is no blueprint for this. Monetary policy isn't something that can be sketched out on the drawing board. Incidentally, the same can be said for other central bank tasks, such as banking supervision, financial stability policy and providing the economy with cash and cashless payment facilities.

This makes it all the more important for central banks to regularly exchange best practices. The EU twinning projects are an ideal platform for doing so.

That's why the Bundesbank lost no time to take part in EU twinning projects. We carried out our first twinning project with Czech National Bank in 2004. Altogether, we have now taken part in 13 EU-funded projects – EU twinning projects and large scale ESCB projects – with central banks in 11 countries.

At the Bundesbank, we contribute quite specific insights we have gained from our own transformation processes, including German reunification and European monetary union.

Needless to say, what we have experienced is confined to our own particular political and economic context. So it is all the more gratifying to have also benefited from the experiences of Narodowy Bank Polski and Lietuvos bankas here in Belarus.

3 EU twinning project for the National Bank of Belarus

Ladies and gentlemen,

Our EU twinning project with the National Bank of Belarus is a good example of sharing experiences and learning from each other: just look at the preparation, execution, and today's successful conclusion.

During the preparatory stage, a series of meetings were held between our central banks at the working level.

The correspondence between you, Mr Samecki, and my predecessor at the Bundesbank as well as the Bank of Lithuania Chairman, Mr Vasiliauskas, and our president, Dr Weidmann, culminated in the formation of our consortium. From the very beginning, our colleagues here in Minsk looked on with great interest as the project took shape.

During the implementation phase, the Polish colleagues took on the project components Payment Systems and Risk Management, the Lithuanians handled the Banking Supervision and Financial Risk Management components, and the Bundesbank colleagues were responsible for the Financial Consumer Protection and Communication Policy components.

Our counterparts at the National Bank of Belarus brought a strong work ethic and commendable commitment to the table right from the outset. We were all united by an all-round determination to make the project a success and by the "corporate spirit" that central bankers around the world feel they belong to.

At today's concluding celebration, everyone involved in this joint project can look back on the months of hard work and in-depth treatment of the subject matter, on the many discussions of different professional and personal perspectives, and on the host of good personal contacts, and perhaps even friendships, that have grown from it.

4 Closing words of gratitude

Ladies and gentlemen,

Having said all that, allow me to close with a few words of thanks to the people behind the project.

Thank you Mr Kalechits for embarking on this "European adventure" and for being open to the idea of EU twinning not just from the beginning but over the entire timeline as a project manager.

I'd also like to thank Mr Samecki and Ms Kuniyoshi for your interest in forming a consortium between your institutions and the Deutsche Bundesbank and for the large-scale staff support you gave to the project.

My thanks also go to Ms Wiktorin for bringing EU twinning to Belarus and for your constant positive presence at the side of the participating central banks as they jumped in at the deep end.

And finally, thank you to all of you who have made your own personal contribution to the success of the project and whose names I wouldn't be able to mention now without running out of time: the managers of the components, the visiting experts and all those who took on the vital administrative work.

The great Jean Monnet once said of Europe: "We are not allying states, we are bringing together people".¹ In this spirit, I hope that the EU twinning project with the National Bank of Belarus will not be the last one.

Thank you for your attention.¹

¹ "Nous ne coalisons pas des États, nous unissons les hommes." Speech in Washington on 30 April 1952.