

Fabio Panetta: Address - opening session of the Board of Governors of the Asian Development Bank

Address by Mr Fabio Panetta, Governor of the Bank of Italy, at the Asian Development Bank 58th Annual Meeting, Milan, 5 May 2025.

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Esteemed President Masato Kanda,
Your Excellency Minister Giancarlo Giorgetti,
Madame Secretary Asel Djusupbekova,
Honourable Governors, distinguished delegates, esteemed guests, ladies and gentlemen,

it is a great honour and privilege to open the 58th Annual Meeting of the Asian Development Bank (ADB) here in Milan, Italy. We have come together today for a moment of celebration, before turning to the important work that lies ahead.

But before we proceed, let us take a moment to remember the victims of the devastating earthquake that struck Myanmar and Thailand at the end of March. We are proud that the ADB responded swiftly, approving a grant to support the emergency and humanitarian needs of the people affected.

The theme of this Annual Meeting is 'Sharing Experience, Building Tomorrow'. Asia, Europe and Italy all have important success stories to share.

In Asia and the Pacific, remarkable progress in poverty reduction has been achieved through greater participation in international trade and a gradual move up the value-added ladder within global value chains. Reflecting this dynamism, the region contributed approximately 60 per cent to global growth in 2024.

Europe, for its part, has made great strides over the years in regional integration, the development of the welfare state, the establishment of common regulatory standards, and the construction of cross-border infrastructure – including in the field of payments, which is essential for trade, growth and financial inclusion.

These achievements are the result of a 'peace dividend' – decades of unprecedented progress in international cooperation and economic integration that fostered prosperity, stability and development across the globe. Yet today, this framework is under serious strain.

In a time of rising geopolitical tensions and conflicts, we must guard against dangerous steps backwards that could jeopardize the hard-won gains of recent decades. Peace remains the indispensable foundation for progress.

Modern economies are deeply interconnected, and openness to trade has benefited both advanced and developing nations, reducing inequality and lifting hundreds of millions of people out of extreme poverty. Protectionism threatens to undo these achievements and to weaken the very fabric of global prosperity.

Until the recent resurgence of trade tariffs, the Asia-Pacific region was on a path of steady growth, with inflation gradually easing. In Europe, economic activity was expanding at a moderate pace, while inflation hovered near the 2 per cent target.

Asia-Pacific remains the most dynamic region in the global economy. The robust growth in electronics exports last year reflects its ability to capitalize on accelerating demand driven by artificial intelligence, supported by its commanding 75 per cent share of global semiconductor production. This underscores both the advantages of an open and interconnected regional economy, and the risks posed by rising trade barriers and policy uncertainty.

These risks are acute for Asia Pacific, but they also affect Europe, where external demand plays a crucial role in sustaining growth. The prosperity of both regions is deeply intertwined with global trade flows and a predictable international environment.

Geopolitical tensions are, unsurprisingly, also a central concern for the Governing Council of the European Central Bank, on which I have the honour to serve as a voting member. Trade barriers and heightened uncertainty are key variables we must closely assess when formulating monetary policy in the euro area, as they affect both economic growth and the transmission of policy decisions.

In this context, preserving economic integration and reinforcing international cooperation are not optional – they are essential. Multilateral institutions play a pivotal role in safeguarding openness, stability, and the shared rules that underpin global prosperity.

The ADB stands as a pillar of the multilateral system. With its deep reservoir of development expertise, robust capital base, and broad-based membership, it brings together regional and non-regional partners, united by shared development goals and a commitment to inclusive growth.

Italy is fully committed to this mission. Its longstanding support for the ADB has been expressed through both financial contributions and the dedication of its human capital. Italian companies, renowned for their excellence in engineering, design, and industrial innovation, offer capabilities that can meaningfully contribute to the region's sustainable development. Their know-how aligns closely with the priorities of Asia and the Pacific.

In this endeavour, we may find inspiration in the journey of Marco Polo. Departing from Venice in 1271 as a young merchant, he travelled eastward to China, where he became an advisor to the Khan and a devoted admirer of Asian culture. His 17-year odyssey, later chronicled in *Il Milione*, helped to bridge continents, foster trade, and ultimately inspired future explorers – including Christopher Columbus.

Let us, today, be guided by the spirit of Marco Polo, who crossed not only the boundaries of geography, but also those of imagination. 'It was my will to discover', he wrote, 'and the will was stronger than the fear'.

May we too continue to choose cooperation over conflict, openness over barriers, and courage over hesitation – for the future we are building demands nothing less.

Grazie e buon lavoro.