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**Statement by Henning Christophersen
Governor for the European Community and
Vice-President of the European Commission
to the Annual Meeting of the European Bank for
Reconstruction and Development in Budapest.**

The Vice-President congratulated the Bank on the results obtained until now. He, however, stressed that there is no ground for complacency. Ahead lies an enormous task to maintain freedom and democracy and to create prosperity and stability in the Eastern part of Europe.

The Vice-President emphasized the need for economic reform and stability without which democracy could very well be threatened. The reform process must be carried on with sufficient speed to keep the momentum.

The efforts and burdens in the reform process will first and foremost have to be shouldered by the people and Governments themselves.

The outside world will of course have to and does carry its part of the effort. Assistance is and will continue to be provided. However, it will be conditional upon adequate reforms in the recipient countries. Without reform in the recipient countries the outside assistance will be wasted and end up in the wrong hands.

Vice-President Christophersen announced that he would soon present proposals for further balance of payment assistance for Bulgaria and Romania.

The European Community recognizes its special responsibility vis-à-vis the Eastern part of Europe. That is why the Community and its Member States have hitherto provided the main part of the assistance. But of course others will have to contribute their fair share in this effort.

The G24 group has proved its usefulness in organizing the assistance for Central and Eastern Europe. As for the new Republics of the CIS it remains to be seen how the coordination of the assistance can best be organized. The Community and its Member States have provided round three-quarters of the assistance of about 63 bn. Ecus which the international Community has pledged for the CIS so far.

The latest G7-initiative from President Bush and Chancellor Kohl must be welcomed. Assistance to the reform process in the new republics is urgent and extremely important for the stability in the region, indeed of the whole world, said the Vice-President.

But it must be appropriate assistance, first and foremost in the form of technical assistance and untied macroeconomic assistance. The Lisbon and Tokyo Conferences should provide guidance on the first aspect. IMF must take the lead on the latter. However, the two parts must fit together. Now we need transparency and coordination of the assistance for the new republics just as we have through the G24 for the assistance to Central and Eastern Europe.

The European Commission welcomes the agreement on the distribution of the former Soviet Union's shares in the Bank and the relaxation on the limits on the Bank's operations in the independent republics.

In our effort vis-à-vis the CIS we should, however, not forget the needs of Central and Eastern Europe. This concerns the overall policy for assistance as well as the Bank's particular policy where sixty per cent of operations have been reserved for Central and Eastern Europe, said the Vice-President.

The more reforms advance in the countries of operation the more important will be the Bank's major task, namely supporting private investments. The Bank's resources must be mainly devoted to this task, including the technical assistance needed in this relation. The Vice-President also referred to the fact that 60 per cent of the funds available for the Bank's technical assistance is provided by the European Commission.

Coordination with other donors which is also required in the Agreement and concentration on its main task is essential for appropriate use of the Bank's scarce resources. Only by coordinating our effort - donors as well as recipients - will we succeed. And succeed we must if we want to have freedom and stability in Europe and in the rest of the world, stressed Vice-President Henning Christophersen.