

**The Joint Ministerial Statement of
The 14th ASEAN+3 Finance Ministers' Meeting
4 May 2011, Ha Noi, Viet Nam**

I. Introduction

1. We, the Finance Ministers of ASEAN, China, Japan and Korea (ASEAN+3), convened our fourteenth meeting in Ha Noi, Viet Nam, under the co-chairmanship of H.E. Agus D.W. Martowardojo, Minister of Finance of the Republic of Indonesia and H.E. Yoshihiko Noda, Minister of Finance of Japan, with the first attendance of Mr. Benhua Wei, newly appointed Director of the ASEAN+3 Macroeconomic Research Office (AMRO). The President of the Asian Development Bank (ADB) was also present at our meeting.
2. We exchanged views on recent global and regional economic development and our policy management. We reviewed progress of the regional financial cooperation since our last Meeting including the Chiang Mai Initiative Multilateralisation (CMIM), the Asian Bond Markets Initiative (ABMI) and the ASEAN+3 Research Group. We also discussed how to further strengthen our regional financial cooperation in the future.

II. Recent Economic and Financial Developments in the Region

3. The economic growth in the region, after having weathered the global financial crisis, has been resilient owing to robust domestic demand and buoyant exports. However, we are mindful of the risk factors, such as rising inflation coming from higher commodity and food prices and large capital flows in some countries, which have complicated the task of macroeconomic policy management and have challenged sustainable economic growth of the region. New uncertainties have also surfaced, such as events in the Middle East and North Africa region and the impact of earthquake in Japan over the regional economy.
4. Against this backdrop, we are determined to remain vigilant towards any adverse impact of the risks and vulnerabilities to our economic development and to adopt appropriate macroeconomic policies. We confirmed the importance of promoting fiscal soundness for sustainable economic development. We reiterated our commitment to accelerate and deepen economic structural reforms, promote domestic demand and employment, resist protectionism and further promote trade

and investment. In dealing with the large capital flows, we shared the view that it is important to take macroeconomic and other policies in a comprehensive manner, including macro-prudential measures when necessary. We are committed to strengthen regional macroeconomic policy dialogue and cooperation in order to jointly address potential risks.

5. In this connection, we welcomed that the Deputies deepened surveillance discussions regarding policy management to large capital flows and inflationary pressures in the region under the improved Economic Review and Policy Dialogue (ERPD). We encouraged them to utilize the inputs from the newly established AMRO.
6. We were pleased to note that the CMIM Agreement, effective on March 24, 2010, has played a positive role in safeguarding regional financial stability. In this context, we reiterated our commitment to further deepen regional financial cooperation in the years to come.

III. Strengthening Regional Financial Cooperation

[Chiang Mai Initiative Multilateralization (CMIM)]

7. We endorsed the “Operational Guidelines for Enhancing Effectiveness of CMIM”, which is the operational manual for the currency swaps made pursuant to the CMIM Agreement, including the CMIM’s activation process in relation to the existence of the IMF Programs. We believe that these Guidelines will contribute to swift and smooth activation of CMIM Agreement.
8. We welcomed the establishment of AMRO, which, as the surveillance unit of CMIM, plays an important role to monitor and analyze regional economies, and to contribute to early detection of risks, swift implementation of remedial actions, and effective decision-making of CMIM. We expect AMRO to be fully operational soon, and are committed to promote the smooth and efficient operation of AMRO. We instructed the Deputies to review AMRO’s organizational capacity at the next Deputies’ meeting so that AMRO could fully meet its objectives. We also instructed the Deputies to launch a study to strengthen the legal status of AMRO to constitute an international organization with an international legal personality.
9. We shared the view that, under the current global financial environment, crisis takes place on a global scale and it spreads in a short period of time. It has demonstrated

the importance of crisis prevention measures to deter contagion. Considering that the regional financial arrangement needs to be adapted to this new environment, we instructed the Deputies to initiate a study on the design of a possible crisis prevention function for CMIM, including the size, further collaboration with the IMF, and the role of AMRO.

[Asian Bond Markets Initiative (ABMI)]

10. We welcomed establishment of the Credit Guarantee and Investment Facility (CGIF) last November with an initial capital of US\$700 million. We expect the CGIF to initiate its guarantee operations in a timely manner, so that it could support issuance of corporate bonds and development of bond markets in the region.
11. We welcomed progress of ASEAN+3 Bond Market Forum (ABMF), a common platform to foster standardization of market practices and harmonization of regulations relating to cross-border bond transactions in the region. We recognized that, since its set-up, it has become an important forum for bond market experts of both public and private sectors in the region. We expect a stocktaking report on the current development of the member countries' bond markets by the end of 2011. We also recognized the progress of work at the technical working group on legal and regulatory feasibility reassessment of Regional Settlement Intermediary (RSI). We expect the technical working group to move on to the reassessment of business feasibility study on RSI.
12. We recognized that the ABMI has contributed to developing efficient and liquid bond markets in the region since the start of its activities in 2003 so that large savings in the region can be better utilized to increase investments in the region. Given the significant economic development in the region, we tasked the Deputies to discuss how to further enhance the ABMI, focusing on its objective, scope, including capital market, and framework.

[ASEAN+3 Research Group]

13. We appreciated the efforts made by the Research Group on three studies for 2010/2011 regarding regional monetary units, sudden capital flows, and fiscal and financial impacts of the climate change in the region. We endorsed three study topics for the 2011/2012 Research Group activities as follows: (1) Dealing with Commodity Price Volatility in East Asia; (2) Roles and Functions of the Banking Sector in the Financial System of the ASEAN+3 Region; and (3) Role of Regional Financial Safety Net in Global Architecture.

14. We acknowledged that the Research Group has played an important role in identifying and exploring subjects for possible regional financial cooperation from mid- and long-term point of views by mobilizing knowledge and expertise of private researchers and research institutions. We instructed the Deputies to look into how to further promote its activities and enhance interaction between ASEAN+3 officials and researchers.

[Areas for future regional financial cooperation]

15. We recognized that ASEAN+3 financial cooperation has presented significant achievements under such initiatives as CMIM, ABMI, ERPD and RG. We noted the work of the Taskforce on the Future Priorities of ASEAN+3 Financial Cooperation in assessing previous achievements and proposing new priority areas in order to bring regional financial cooperation to a higher and more strategic level. We tasked the Deputies to initiate studies, with the support from ADB as appropriate, in three possible areas for future cooperation; i) infrastructure financing, ii) disaster risk insurance, and iii) using local currencies for the regional trade settlement.

IV. Conclusion

16. We are of the view that, in order to strengthen regional economic monitoring and to enhance regional financial cooperation, the expertise and experiences held by the Central Bank Governors in the region are indispensable. Hence, we welcomed the participation of Central Bank Governors, and this gathering will then become "ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting" from next year.
17. We expressed our appreciation to the governments of the Republic of Indonesia and Japan for their excellent arrangements as the co-chairs of the ASEAN+3 Finance Ministers' Process in 2011. We also thanked the government of the Socialist Republic of Viet Nam for its warm hospitality.
18. We agreed to meet in the Philippines in 2012. Kingdom of Cambodia and Republic of Korea will be the co-chairs of the ASEAN+3 Finance Ministers' Process in 2012.