

**The Joint Statement of  
the 17th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting  
3 May 2014, Astana, Kazakhstan**

**I. Introduction**

1. We, the Finance Ministers and Central Bank Governors of ASEAN, China, Japan and Korea (ASEAN+3), convened our 17th meeting in Astana, Kazakhstan, under the co-chairmanship of H.E. U Win Shein, Union Minister of the Ministry of Finance of the Republic of the Union of Myanmar, and H.E. Taro Aso, Deputy Prime Minister and Minister of Finance and Minister of State for Financial Services, Japan. The President of the Asian Development Bank (ADB), the Director of ASEAN+3 Macroeconomic Research Office (AMRO) and the Deputy Secretary General of ASEAN were also present at the meeting.
2. We exchanged views on recent global and regional economic developments and policy responses. We reviewed the progress of regional financial cooperation achieved since our last Meeting, including on the Chiang Mai Initiative Multilateralisation (CMIM), AMRO, the Asian Bond Markets Initiative (ABMI), the ASEAN+3 Research Group (RG), and Future Priorities. We also discussed measures to further strengthen our regional financial cooperation in the future.

**II. Recent Economic and Financial Developments in the Region**

3. We welcome the prospects of strengthening global economic growth in 2014 supported by the steady growth in advanced economies. However, we remain vigilant in the face of potential global risks and vulnerabilities.
4. We are pleased to note that the ASEAN+3 region posted steady growth last year and is poised to sustain this momentum in 2014. Resilience of the regional economy has been underpinned by robust domestic demand and appropriate macroeconomic policies.
5. We recognise that accommodative monetary policy in advanced economies will normalise in due course with the timing being conditional on the outlook for price stability and economic growth in the respective economies. The conduct of monetary policy should be communicated clearly and calibrated carefully and be mindful of its impacts on the global and regional economies.
6. We note that the volatility in the financial markets observed in early part of this year and the high levels of public and private debt stress the importance of managing the continuing challenges. Economies with domestic structural weaknesses such as high inflation, large current account deficits and substantial fiscal imbalances tend to be vulnerable to tightening of financial conditions. To address these conditions, greater emphasis is placed on maintaining sustainable current account balances and manageable fiscal balances.
7. We are committed to implementing the necessary structural reforms to improve the resiliency and growth-potential of our economies. Further, we stand ready to address such risks by putting into action the needed macroeconomic policy adjustments and, where

appropriate, adopting macro-prudential policies and further strengthening financial cooperation in the region.

### **III. Strengthening Regional Financial Cooperation**

#### **Chiang Mai Initiative Multilateralisation (CMIM)**

8. We reaffirm our commitment to further strengthen the CMIM as part of the regional financial safety net. We welcomed the report of our Deputies on the progress made to prepare during peace times to ensure that the CMIM is operationally ready. In particular, we welcomed the Deputies' achievements in completing the revision of the Operational Guidelines of the amended CMIM Agreement which contain the detailed arrangements for the operationalization of the CMIM. We instructed the Deputies, in cooperation with AMRO, to continue developing the CMIM operational readiness.
9. We welcomed the work of our Deputies to develop the first full set of indicators of the "Economic Review and Policy Dialogue (ERPD) Matrix" which consists of various economic and financial indicators of all ASEAN+3 members. The ERPD Matrix is intended to be used to assess members' qualification for the CMIM's crisis prevention facility. We instructed the Deputies, in cooperation with AMRO, to continue developing the matrix and to elaborate the ways the matrix will be used to assess a member's qualification for the CMIM crisis prevention facility.
10. We also agreed to endorse the "Guidelines for the further cooperation with the International Monetary Fund" to help enhance CMIM's effectiveness and AMRO's capacity. We took note of the progress in the study on "Ways to Improve the Use of Local Currencies under the CMIM" and "Joint Response to the Capital Flows at the ASEAN+3 Level".

#### **ASEAN+3 Macroeconomic Research Office (AMRO)**

11. We are pleased to note the steady development of AMRO as an independent surveillance unit in the region. In particular, we are pleased that the Executive Committee (EC) of AMRO has decided to extend the term of office of the incumbent AMRO Director Dr. Yoichi Nemoto by two years, which will contribute to operational continuity and stability during AMRO's formative stage. We support the continuous strengthening of AMRO's organizational structure so that it can continue to meet the demands and expectations from the members. We remain committed to enhancing the organizational capacity of AMRO.
12. We welcome AMRO's continuous efforts to improve the quality of its surveillance reports by expanding the scope of its analysis to include sector-level issues and risks stemming from external sources. We encouraged AMRO to continue its efforts to improve its analysis on the regional macroeconomic and financial situation, identify risks facing the region and suggest appropriate policy actions. We also welcome AMRO's increasing contribution towards ensuring the smooth operationalization of the CMIM.
13. Recognizing the importance of transforming AMRO into an international organization to enable it to conduct surveillance activities effectively as an independent surveillance unit in the region, we reaffirm our commitment to complete our domestic processes as soon as

possible for the prompt signature and entry into force of the AMRO Agreement. In this regard, we express our commitment to exert best efforts to complete our respective domestic processes.

14. We also welcomed the report by AMRO on the progress in the developing of secondary rules and other necessary transitional arrangements in preparation for the conversion of AMRO into an international organization. We support the review of AMRO's human resources framework referencing the human resource frameworks of peer international financial institutions (IFIs) so that it can be compatible with and competitive against the practices of peer IFIs.
15. We appreciated the progress made by AMRO in furthering cooperation with other IFIs including the IMF where frequent exchange of views and information on the regional macroeconomic developments has been established. We encouraged AMRO to further strengthen such cooperation initiatives in order to help enhance AMRO's institutional capacity and establish strategic partnerships with other IFIs to this end.

#### **Asian Bond Markets Initiative (ABMI)**

16. We recognized the significant contribution of the ABMI in developing local currency bond markets across the region so as to allow the region's large savings to be channelled to finance its own investment needs. It is in this context that we endorsed the progress report and work plan prepared by the ABMI Taskforce with the guidance of the Deputies.
17. We acknowledged steady progress in the "Fostering Infrastructure Financing Bonds Development" technical assistance project. We expect further work by the ADB and the ABMI Taskforce in exploring new additional investment tools. We also took note of a set of key issues for expanding currency swap markets in the region. We recognized the progress of the ASEAN+3 Multi-currency Bond Issuance Framework (AMBIF) project, including the bilateral activities among AMBIF Working Group members to clarify commonalities and differences of bond issuance documentation and procedures, and we expect further collaboration with ASEAN+3 Bond Market Forum (ABMF) in this regard. We are pleased with the scaling-up of the guarantee capacity of the Credit Guarantee and Investment Facility (CGIF) from US\$700 million to US\$1.75 billion. We welcomed the recommendations submitted by the Cross-border Settlement Infrastructure Forum (CSIF) and the direction of developing implementation roadmap of CSD-RTGS linkages as short-term and medium-term goal and integrated solution as long-term goal for making it possible to deliver securities smoothly and safely versus payment across borders. We are of the view that this is a practical and efficient approach to advance regional settlement infrastructure that promotes cross-border securities transactions in the region. We appreciated the renewed assessment for technical assistance (TA) needs, undertaken by the Technical Assistance Coordination Team (TACT).

#### **ASEAN+3 Research Group (RG)**

18. We appreciated the efforts and noted the findings made by the Research Group on the study for 2013/2014 on "The Policy Recommendations for the Expansion of the Securitization Market in the ASEAN+3 Countries" and "SWOT Analysis on the Capital Market Infrastructures in the ASEAN+3 Member Countries and its Implications". We instructed the Deputies to discuss the way forward for future Research Group activities.

## **Future Priorities of ASEAN+3 Financial Cooperation**

19. We welcomed the progress of the studies on each of the three possible areas of ASEAN+3 financial cooperation: i) infrastructure financing, ii) disaster risk insurance, and iii) using local currencies for the regional trade settlement. We instructed the Deputies to continue in-depth studies and put forward policy recommendations in each area.

## **IV. Conclusion**

20. We expressed our appreciation to the Republic of the Union of Myanmar and Japan for their excellent arrangements as the co-chairs of the ASEAN+3 Finance Ministers and Central Bank Governors' Process in 2014. We also thanked the Republic of Kazakhstan for its warm hospitality.

21. We agreed to meet in Baku, the Republic of Azerbaijan in 2015. Malaysia and the Republic of Korea will be the co-chairs of the ASEAN+3 Finance Ministers and Central Bank Governors' Process in 2015.