

Media Releases | Published Date: 02 October 2020

# Joint Statement of the 6th ASEAN Finance Ministers and Central Bank Governors' Meeting (AFMGM)

Video Conference Meeting, 2 October 2020

1. We, the Finance Ministers and Central Bank Governors of ASEAN, convened the 6th Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors (AFMGM) under the co-chairmanship of H.E. Dinh Tien Dung, Minister of Finance of Viet Nam, and H.E. Le Minh Hung, Governor of the State Bank of Viet Nam. The Meeting was held via video conference due to the COVID-19 pandemic that also caused the meeting originally scheduled in March 2020 to be deferred.
2. We welcome Viet Nam's theme of a **Cohesive and Responsive ASEAN** for its Chairmanship of ASEAN 2020. We commended the Chair's initiatives relative to the continuing goals of promoting intra-ASEAN integration and connectivity, deepening its engagement with the global community for peace and sustainable development and enhancing responsiveness and institutional capacity of ASEAN. In this spirit, we remain steadfast in our commitment to strengthen economic growth and promote financial stability and integration in the ASEAN region, amidst the uncertainties brought about by the COVID-19 pandemic.

## Economic Update and Policy Challenges

3. We exchanged views with the International Monetary Fund (IMF), the ASEAN +3 Macroeconomic Research Office (AMRO) and the Asian Development Bank (ADB) on the regional and global economic outlook; and on risks, opportunities and policy challenges arising from the COVID-19 pandemic, in an effort to foster sustainable and inclusive growth in the region.
4. We noted that our economies grew by an average of 4.6 percent last year despite heightened uncertainties on the global front. This positive economic growth, was underpinned by resilient domestic demand and investments. Regional financial integration activities remain strong and provide a buffer against the effects of trade tensions and geo-politics, while regional cooperation has been strengthened to understand and manage the risks of climate change and cybersecurity. However, we recognized that an economic downturn is anticipated this year given the adverse impact of the COVID-19 pandemic in the region and the rest of the world.
5. We acknowledged that the COVID-19 pandemic has adversely affected our economies in ASEAN. Economic activities have been constrained, resulting in deep contractions that will likely contribute to negative growth in ASEAN for 2020. The disruptions brought about by the pandemic have highlighted the importance of ensuring the resilience of our economies to shocks.
6. We have made significant efforts in mitigating the impact of the pandemic and supporting economic recovery by implementing extraordinary measures through targeted fiscal, monetary and credit support to our real economy and financial systems, as well as reaffirming our commitment to the continued flow of goods and services. We believe that solidarity and cooperation are key for ASEAN to overcome the pandemic and restore regional growth.
7. Cognizant of the important role of macroeconomic surveillance in ASEAN, we will continue to closely engage AMRO in comprehensively monitoring economic and financial developments in the region, strengthening its surveillance capabilities, providing technical assistance to members, and supporting the enhanced operational readiness of the Chiang Mai Initiative Multilateralization (CMIM) as an effective regional financial safety net and a key component of the Global Financial Safety Net.

## Financial Integration and Liberalisation

8. We welcome the preparations for transitioning to the use of Non-Conforming Measures (NCMs) in scheduling trade in services commitments under the ASEAN Trade in Services Agreement (ATISA) through a series of capacity building workshops organised by the Working Committee on Financial Services Liberalisation (WC-FSL).
9. We note the WC-FSL's progress in negotiating the 9th Package of Financial Services Commitments under the ASEAN Framework Agreement on Services (AFAS) and encourage members to make substantial and meaningful commitments for financial services, as it is intended to be the last package before transitioning to ATISA.
10. We are pleased to note that positive steps have been taken to facilitate greater intra-ASEAN trade and investment in the region with the establishment of two Malaysian banks as Qualified ASEAN Banks (QABs) in Indonesia, that would benefit from greater market access and facilitate greater intra-ASEAN trade and investment in the region. We were also encouraged by the development of a roadmap to enhance regulatory transparency, standards and coherence among ASEAN Member States (AMS), to support financial integration.

11. We were encouraged by the progress of financial services liberalization, particularly on the engagements with our Dialogue Partners. This includes the conclusion of the Regional Comprehensive Economic Partnership Financial Services Annex in July 2019 and the endorsement of the Terms of Reference of the Sub-Committee to review the ASEAN-Australia New Zealand Free Trade Agreement (AANZFTA) Annex on Financial Services and the discussion of AANZFTA Joint Committee Workplan for the Upgrade Negotiation.

### **Trade and Investment Facilitation**

12. We commend the efforts of the Working Committee on Capital Account Liberalisation (WC-CAL) in facilitating the regular sharing of CAL efforts and plans of AMS, as well as safeguard measures implemented to maintain financial and/or macroeconomic stability while in the process of liberalisation.

13. We were also encouraged by the tangible results of our endorsement of the Guidelines on ASEAN Local Currency Settlement Framework, which have resulted in the conclusion of a number of bilateral local currency settlement arrangements between interested AMS, and the continuous conduct of information sharing on the use of local currencies in intra-ASEAN settlement of trades, direct investments and other similar activities such as incomes and transfers. These initiatives will facilitate the interest in activities related to bilateral local currency settlement frameworks and aim to increase the volume of intra-ASEAN trade and investments in the future.

14. We encourage the ASEAN Forum on Taxation (AFT) to work towards the completion and improvement of bilateral tax treaty networks among AMS, under the Strategic Action Plan 2016-2025 for ASEAN taxation cooperation, as well as meeting the internationally agreed tax minimum standards. We are also pleased with the positive progress of the Exchange of Information and Automatic Exchange of Information implementation among AMS, with Viet Nam's membership in the Global Forum on Transparency and Exchange of Information for Tax Purposes. We look forward to the AFT further discussing and developing an Action Plan on the recommendations of the Study on ASEAN Withholding Tax Structures. We welcome the AFT's endorsement of the new initiative on a Standardized ASEAN Certificate of Residence (CoR) to facilitate tax treaty benefit claims among AMS in ASEAN.

15. We commend the progress of the ASEAN customs cooperation, particularly on the live exchange of the e-Form D, under the ASEAN Trade in Goods Agreement (ATIGA) through the ASEAN Single Window (ASW) by all 10 AMS since December 2019, the endorsement of the Strategic Plan of Customs Development (SPCD) 01-15 for 2021-2025, as well as the accomplishment of the updated work of the ASEAN Customs Valuation Guide (2019 version) to serve as a guideline on customs valuation for AMS. We also noted the intensified efforts to carry on the full live operation of the ASEAN Customs Transit System (ACTS) by 2020.

16. We were pleased with the finalization of the Roadmap for ASEAN Insurance Integration Framework (AIIF) under the ASEAN Integration Forum (AIFo), particularly on the substantial liberalization of reinsurance and retrocession, including further liberalization of catastrophe reinsurance and retrocession based on AMS readiness.

### **Financing, Payment and Service Connectivity**

17. We commend the efforts of the Working Committee on Payment and Settlement Systems (WC-PSS) for the completion of the Implementing Policy Guidelines (IPG) of the ASEAN Payments Policy Framework for Cross-Border Real-Time Retail Payments and the draft guidelines for updating the Annex on Use Cases of the IPG.

18. We were also pleased to note the developments related to cross-border interoperability of standardized Quick Response (QR) code for payments and innovative real time remittances, in particular the full implementation of the Singapore-Thailand linkage, and partial implementation between Lao PDR-Thailand and Cambodia-Thailand linkages. We also look forward to the live operation of the Singapore-Thailand real-time retail payment system linkage by the first half of 2021.

19. We exchanged views and concurred on the importance of digitalization in the financial sector, including digital banking and exploring the merits of central bank digital currency, as a catalyst for post-pandemic recovery and growth. We encourage further technical and policy level work on this issue.

### **Infrastructure Financing**

20. We expressed appreciation for ADB's effort in operationalizing the ASEAN Catalytic Green Finance Facility (ACGF) as a platform for ASEAN green infrastructure under the ASEAN Infrastructure Fund (AIF) by undertaking origination, preparation and screening of potential green projects. The ACGF is also supported by formidable cofinancing partners with close to \$1.5 billion in commitments.

21. We acknowledged the progress of the collaboration on infrastructure financing between the ASEAN Capital Markets Forum (ACMF) and the Working Committee on Capital Market Development (WC-CMD). This collaboration focused on developing a set of guiding principles for the standardisation of contractual terms for infrastructure financing that are practical and effective for project documents as well as project finance loan documents to facilitate more private capital financing in the region. We acknowledge the progress being made by the ACMF on the development of a better quantification and understanding of infrastructure investments through taxonomies and benchmarks. We also encourage the continued engagement with relevant stakeholders on the Bond Private Placement Corridor to facilitate infrastructure financing.

### **Sustainable Finance**

22. We welcomed ACMF and WC-CMD's continued promotion of sustainable finance via the capital markets in the region, particularly their efforts to further engage with the private sector by carrying out several roundtable discussions with relevant stakeholders. We welcome ACMF's additional progress as it finalised the actionable recommendations under its Roadmap for ASEAN Sustainable Capital Markets that focuses on the private sector, which will provide concrete strategic direction for further advancing sustainable finance in ASEAN capital markets.

23. We were pleased with the progress of WC-CMD's efforts to promote sustainable financing and endorsed the Report of the WC-CMD on Promoting Sustainable Finance in ASEAN, which identifies areas that WC-CMD can collaborate on to further promote the sustainable finance agenda. The recommendations set out in the Report are broad in nature, where some are for AMS to implement individually, based on appropriateness of the recommendations for AMS and their respective timelines, while others are for ASEAN to implement as a region.

24. We welcomed the ASEAN Insurance Regulators Meeting's (AIRM) discussions and stocktake of sustainable finance initiatives being developed and implemented within AMS' insurance sectors.

25. We welcomed the Report on the roles of ASEAN central banks in managing climate and environment-related risks and the ASEAN Sustainable Banking Agenda (Annex) derived from the non-binding recommendations of the report. These documents provide meaningful implications for ASEAN central banks in formulating the way forward to safeguarding financial stability, while supporting the transition to a low carbon economy region. We welcome the Senior Level Committee (SLC) initiative to develop the ASEAN Sustainable Banking Principles, which aims to provide guidance to help ASEAN central banks and monetary authorities promote sustainable banking across AMS, in line with each AMS' mandate. The SLC will continue to work further on this.

26. We commit to furthering a cohesive sustainable finance agenda cutting across banking capital markets and insurance areas at the AFMM and AFMGM respectively, with greater coordination amongst the relevant ASEAN working committees.

### **Financial Inclusion**

27. We welcomed the progress made by the Working Committee on Financial Inclusion (WC-FINC) in moving forward the objectives to make the region financially inclusive through enabling regulations and infrastructure to support this objective. We are pleased with the completion of the digital financial services (DFS) self-assessment based on Guidance Notes (GN) on DFS. We are also pleased with the publication of the GN on Developing a Monitoring and Evaluation (M&E) Framework for Financial Inclusion and Monitoring Financial Inclusion in ASEAN 2020 report. We look forward to WC-FINC's development of a self-assessment survey for the utilization of the GN on Developing a M&E Framework for Financial Inclusion and Policy Note on Digital Financial Literacy (DFL), as well as organization of activities in celebration of the inaugural ASEAN Savings Day on 31 October 2020.

28. We reaffirmed our commitment to the promotion of the development of insurance products and literacy to increase the insurance penetration level in ASEAN. We welcome discussions of the AIRM on proposals to explore developing a pilot microinsurance product as it can be an important step in improving and promoting insurance literacy and accessibility, as well as to create awareness among the vulnerable groups in the region.

### **Disaster Risk Financing**

29. We were pleased with the progress of Phase 2 of ASEAN Disaster Risk Financing and Insurance (ADRFI) with the successful roll-out of its capacity building activities together with the risk assessment and risk advisory workstreams that are organized in parallel with the program offices of the ASEAN Secretariat and the Institute of Catastrophe Risks Management (ICRM) of the Nanyang Technological University. We welcome the updated ADRFI Plan of Action 2019-2023 and the Capacity Building Roadmap with further collaboration of various International Organizations, including the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) in closing the region's protection gap and further enhancing ASEAN's capacity and resilience to disaster and climate risk.

### **Cyber Resilience**

30. We look forward to the full operationalization of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP) and welcome the endorsement by the ASEAN Governors on the Terms of Reference for CRISP's user; i.e. the Digital and Technology Network (DTN). We are also pleased with the signing of the memorandum of understanding by most AMS, allowing for the sharing of information in combatting cybersecurity threats and to develop a collaborative mitigation action for ASEAN Central Banks. We note that the membership of the DTN is based on readiness of AMS.

### **Other Matters**

31. We commended the efforts of the ASEAN Integration Monitoring Directorate (AIMD) in measuring the progress of the implementation of the ASEAN Economic Community Blueprint 2025 Monitoring and Evaluation Framework. To this end, we support the AEC 2025 mid-term review (MTR) that the ASEAN Secretariat is currently undertaking to measure achievements and progress, give an objective assessment of the gaps and challenges in implementation, and recommend improvements going forward.

32. We also appreciate the support given by the ASEAN Secretariat to the 6th AFMGM and its related Meetings.

### **Conclusion**

33. We extend our appreciation to Viet Nam for hosting the 6th AFMGM and Related Meeting in virtual format given this extraordinary time. We welcome Brunei Darussalam as Chair and Host of the 7th AFMGM in 2021.

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**Media Releases** | Published Date: 20 July 2020

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**Speeches** | Published Date: 22 June 2020

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