

**Joint Statement of the 4<sup>th</sup> ASEAN Finance Ministers' and  
Central Bank Governors' Meeting (AFMGM)**

1. We, the Finance Ministers and Central Bank Governors of ASEAN, convened a joint meeting in Singapore on 6 April 2018, co-chaired by Mr. Heng Swee Keat, the Minister for Finance of Singapore, and Mr. Ravi Menon, Managing Director of the Monetary Authority of Singapore.
2. We reaffirm our commitment to the ASEAN Economic Community (AEC) Blueprint 2025, including its strategic objectives of financial integration, financial stability, and financial inclusion. We welcome the Singapore Chair's focus on 'Resilience and Innovation', and initiatives to sustain growth, boost resilience, and foster innovation.

**SUSTAINING ASEAN'S ECONOMIC GROWTH**

3. We are encouraged by ASEAN's strong economic growth of 5.2% in 2017. The growth momentum is expected to be sustained into 2018, on the back of broad-based global economic recovery, expansion in global trade, sustained private consumption, and growing infrastructure investment. We remain vigilant against risks. We reaffirm our commitment to international trade and investment, which are important engines of growth and development.

**Financial Integration and Liberalisation**

4. ***We welcome the progress in implementing ASEAN's financial integration agenda.*** We commend the various ASEAN Working Committees for their efforts in advancing the:
  - Roadmap for Monetary and Financial Integration of ASEAN;
  - Strategic Action Plan 2016-2025 for ASEAN Financial Integration; and
  - Master Plan on ASEAN Connectivity 2025.
5. ***We are encouraged by the progress in financial services liberalisation.***
  - ASEAN Member States (AMS) have made good offers in the Eighth Package of commitments in financial services, and are on track to sign the Eighth Protocol under the ASEAN Framework Agreement of Services by the end of 2018.
  - AMS are close to concluding a high quality ASEAN Trade in Services Agreement for financial services, thanks to the efforts of the Working Committee on Financial Services Liberalisation.
6. ***We welcome ASEAN's progress in integrating its banking, insurance and capital***

**markets.**

- *Banking.* We welcome the progress made under the ASEAN Banking Integration Framework (ABIF) with the completion of two ABIF negotiations to-date, and look forward to more such arrangements among AMS. We also welcome the work by the Working Committee in monitoring the progress of ABIF and identifying areas to promote regulatory coherence.
- *Insurance.* We are encouraged by the further liberalisation in the insurance sector currently being pursued under the Eighth Package of Financial Services Commitments under the ASEAN Framework Agreement on Services. Presently, eight AMS have already fully or substantially liberalized the cross border supply of reinsurance. We note the significant progress made towards the finalisation of the Roadmap for the ASEAN Insurance Integration Framework by the ASEAN Insurance Forum.
- *Capital Markets.* We commend the efforts to strengthen enterprise financing, deepen connectivity of ASEAN's capital markets and broaden financing options by the ASEAN Capital Markets Forum and the Working Committee on Capital Market Development. These initiatives include:
  - o Promoting sustainable financing by developing and launching the ASEAN Green Bond Standards;
  - o Promoting retail access to the ASEAN bond markets;
  - o Engaging market participants including efforts to strengthen private market financing and providing more opportunities for promising ASEAN enterprises to grow;
  - o Enhancing the ASEAN Collective Investment Schemes framework by allowing a broader range of products so as to promote more cross-border offerings in the region;
  - o Facilitating professional mobility beginning with the cross-border movement of investment advisers (securities) and publishing of research report;
  - o Extending the ASEAN Debt Securities Disclosure Standards to cover issuances of plain debt securities under a debt issuance programme; and
  - o Elevating corporate governance standards for ASEAN publicly-listed companies.
- We also welcome the initiative by Malaysia and Singapore to connect their stock markets as a step towards intra-ASEAN connectivity.

7. ***We will ensure that ASEAN remains well connected with key regional partners.*** We note the good progress made in various ASEAN+1 FTAs as well as with the Regional Comprehensive Economic Partnership.

**Facilitation of Trade and Investment**

8. ***We welcome the progress in Customs cooperation and trade facilitation.*** Key advances include:

- the operationalization<sup>1</sup> of the ASEAN Single Window with effect from 1 January 2018;
- the further harmonisation of tariff nomenclature; and
- the commencement of the next phase of the ASEAN Customs Transit System Pilot (East-West Corridor) in Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam.

We noted the signing by all AMS of the ASEAN Framework Agreement on the Facilitation of Goods in Transit Protocol 2 (Designation of Frontier Posts), and look forward to the ratification of both Protocol 2 (Designation of Frontier Posts) and Protocol 7 (Customs in Transit System) to provide the legal framework to implement the ASEAN Customs Transit System to facilitate regional trade.

9. ***We have made important strides in co-operation on cross-border tax matters.*** We welcome the efforts to:

- complete and improve the network of Avoidance of Double Taxation Agreements (DTAs) among AMS; and
- share best practices on the implementation of automatic exchange of financial account information in accordance with international standards.

We look forward to promoting and improving:

- best practices of dispute resolution mechanisms to provide for more efficient settlement of tax disputes; and
- the withholding tax structure in AMS, following the study on withholding tax practices within ASEAN.

10. ***We recognise the ongoing work in advancing the freer flow of capital in ASEAN based on readiness of each member, and in establishing a framework of cooperation to promote the settlement of bilateral trade and direct investment in local currencies.*** We welcome the Local Currency Settlement (LCS) framework between Indonesia, Malaysia, and Thailand, which is a network of bilateral arrangements to promote the use of local currency for trade and investment, and look forward to more AMS participating in the framework. We commend the work of the Working Committee on Capital Account Liberalisation (CAL) in finalising the CAL Heat Map and Individual CAL Plans, which provide a useful reference of the current account policies within the region.

## Infrastructure

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<sup>1</sup> The granting of preferential tariff would be based on the electronic ASEAN Trade In Goods Agreement (e-ATIGA) Certificate of Origin Form D. The live operation would only involve the five ready AMS (Indonesia, Malaysia, Singapore, Thailand and Viet Nam).

11. ***We are committed to accelerating infrastructure development and financing in ASEAN through mobilising private capital.***

- We will showcase ASEAN's pipeline of investible projects, and raise investors' understanding of infrastructure investment opportunities in ASEAN.
- We will build up our capabilities in project preparation and management through close co-operation with the Asian Development Bank, Asian Infrastructure and Investment Bank, the World Bank Group, and other dialogue partners.
- We will promote the wider adoption of standardised contractual provisions that will help attract institutional investors and other sources of private capital financing.
- We welcome the efforts of the ASEAN Capital Markets Forum and the Working Committee on Capital Market Development on promoting infrastructure financing, and we look forward to the initiatives that they will be introducing in this area.

### **Sustainable Finance**

12. ***We will step up efforts to promote the growth of sustainable finance in the ASEAN region.*** We welcome the launch of the ASEAN Green Bond Standards and encourage the issuance of green bonds based on these standards.

## SECURING FINANCIAL STABILITY AND RESILIENCE

### **Financial Resilience**

13. ***We commit to implement appropriate monetary, fiscal, macro-prudential and supervisory policies to maintain macroeconomic and financial stability.*** We welcome in this regard the Macroeconomic and Financial Risks Monitoring Report developed by the Senior Level Committee on Financial Integration.
14. ***We support the efforts of the ASEAN+3 Macroeconomic Research Office (AMRO) to build up its surveillance and operational capabilities, including improving the quality of statistics.*** AMRO plays a critical role in support of the Chiang Mai Initiative Multilateralisation (CMIM) as an effective regional financing facility to meet short-term liquidity needs in times of crisis.

### **Disaster Resilience**

15. ***We recognise the importance of strengthening AMS' resilience against natural disasters.*** This is important for sustaining growth as well as protecting our people's well-being. We note the ongoing ASEAN Disaster Financing and Insurance (ADRFI) initiatives to enhance the region's capacity to adopt and implement ex-ante and ex-post disaster risk management measures. Cambodia, Laos and Myanmar are working together to launch the Southeast Asia Disaster

Risk Insurance Facility (SEADRIF) as a disaster risk management solution for the region.

### **Cyber Resilience**

16. ***We will facilitate the sharing of information on cyber threat and incidents within ASEAN to enhance our cyber situation awareness and strengthen cyber resilience in our financial sectors.***

## FOSTERING AN INCLUSIVE AND INNOVATIVE ASEAN

### **Financial Inclusion**

17. ***We will step up efforts to promote financial inclusion across our populations in support of our objective of people-centred economic growth.*** We welcome the work of the Working Committee on Financial Inclusion in taking a well-rounded approach towards improving financial inclusion. The ASEAN Financial Education Portal and Financial Inclusion Knowledge Exchange have been established to facilitate peer learning, particularly in strengthening financial inclusion infrastructure. The publication of the Guidance Notes on National Financial Inclusion Strategy for ASEAN will help accelerate the level of financial inclusion through sharing of best practices and experiences within the region. We look forward to the completion of the Guidance Notes on Financial Education and Consumer Protection, as well as on Digital Financial Services for ASEAN to showcase innovative financial technology solutions that promote financial inclusion.

### **Financial Technology and Innovation**

18. ***We recognise the significance of technology in transforming the financial industry.*** We encourage closer collaboration amongst AMS as well as with the private sector to enhance the required capability among members and subsequently facilitate effective and innovative financial technology solutions to address the needs of our citizens and businesses, tap new growth opportunities, while remaining consistent with the objective of maintaining financial stability
19. ***We recognise the potential of secure, efficient, and interconnected payment systems to promote ASEAN economic integration.*** Enhancing payments connectivity will enable more cost efficient and timely fund transfers in support of cross-border trade and investments, including electronic commerce, within ASEAN in stages, taking into consideration each member's circumstances.
  - We encourage wholesale payment systems linkages within ASEAN through the adoption of international standards (e.g., ISO 20022), as promoted by the Working Committee on Payments and Settlement Systems.
  - We welcome the pilot by Singapore and Thailand to explore possibilities of linking each other's real-time retail payment systems, which could potentially pave the way for a broader network of real-time retail payment system linkages among AMS.

- We encourage further work on remittances, including collection and comparison of remittance fees in order to reduce costs and promote greater competition.

## CONCLUSION

### Capacity Building and Implementation

20. ***We commend the capacity building programmes in ASEAN.*** These programmes and initiatives, supported by the Working Committees and the Steering Committee on Capacity Building, enhance the capacity of ASEAN to respond to the opportunities and challenges relating to ASEAN financial integration, including in new areas such as infrastructure financing, insurance, financial technology and cybersecurity.
21. ***We underscore the importance of measuring progress in implementing the AEC 2025 Blueprint*** using the AEC 2025 Monitoring and Evaluation Framework in this regard, including the implementation and regular monitoring of the agreed Key Performance Indicators.

### Acknowledgement

22. We appreciate the support given by the ASEAN Secretariat to the 4<sup>th</sup> AFMGM and Related Meetings.
23. We extend our appreciation to Singapore for the excellent arrangements and warm hospitality in hosting the 4<sup>th</sup> AFMGM and Related Meetings. We welcome Thailand as Chair and Host of ASEAN in 2019.

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