

Joint Statement of the 8th ASEAN Finance Ministers' and Central Bank Governors' Meeting (AFMGM)

Video Conference Meeting, 08 April 2022

1. The 8th Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors (AFMGM) was convened under the co-chairmanship of H.E. Dr. Aun Pornmoniroth, Deputy Prime Minister, Minister of Economy and Finance, and Honorable Chea Chanto, Governor of the National Bank of Cambodia (NBC). For the third consecutive year, the Meeting was held virtually due to the COVID-19 Pandemic.

ASEAN Chair 2022 Priorities

2. The Meeting welcomed Cambodia's theme of '**ASEAN A.C.T.: Addressing Challenges Together**' for its Chairmanship of ASEAN in 2022. The Meeting commended the timeliness of the Chair's theme that were anchored on four (4) key Strategic Thrust for the ASEAN Economic Community. These include (i) Enhancing Digital Connectivity, Science and Technology, (ii) Narrowing the Development Gap for ASEAN's Competitiveness, (iii) Promoting a more Integrated, Inclusive, Resilient and Competitive ASEAN, and (iv) Promoting Global ASEAN for Growth and Development. In this spirit, the Meeting remains steadfast in our commitment to promote financial stability and integration in the ASEAN region, amidst the uncertainties, which may hinder regional economic growth, including the COVID-19 pandemic, climate change, and other traditional and non-traditional security threats.

Economic Update and Policy Challenges

3. The Meeting exchanged views with the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), ASEAN+3 Macroeconomic Research Office (AMRO), the World Bank (WB), and the International Monetary Fund (IMF), on the outlook for global and regional economies, the risks and opportunities, policy challenges amidst the lingering effects of the COVID-19 pandemic particularly from the new wave of Omicron variant, and the effects of the geopolitical developments in Europe that caused a surge in oil and other commodity prices and its impact to the regional post-pandemic recovery.
4. The Meeting noted the green shoots of recovery in the region with the positive growth of ASEAN's Gross Domestic Product (GDP), picking up from 3% in 2021 to 4.9% projected this year, underpinned by the gradual reopening and recovery of ASEAN Member States' (AMS). Nevertheless, the emergence of new wave of COVID-19 cases and the effect of escalating geopolitical tensions in Europe has continued to pose uncertainty to the pace of recovery, accompanied by increasing financial market uncertainty.
5. The Meeting commended the efforts of the AMS and the importance of their targeted and comprehensive policies that were critical in managing over the adverse effects of the health and economic crises. As ASEAN moves to seize the

momentum of recovery, the Meeting recognised that the roll-out of vaccination remains one of the top priorities, while timely fiscal and monetary policy response are still necessary to strengthen our fragile economic recovery. The Meeting reaffirmed its commitment to strengthen cooperation to overcome the threats and pressing challenges to growth and inflation, including from COVID-19 pandemic, climate change, geo-political tensions and digital transformation.

6. At the same time, the Meeting remains vigilant in monitoring the downside risks and will be ready to use all the available policy tools and a wide range of measures to ensure an inclusive, sustainable, and resilient recovery and maintain financial stability in the region. The Meeting will cautiously and gradually normalise the expansionary policy measures, while mitigating the risks to safeguard the recovery process.
7. The Meeting continues to deepen our collaboration with AMRO in regional economic and financial research and surveillance, capacity building and data and information sharing through our forthcoming ASEAN Secretariat-AMRO Cooperation on Financial Integration.

Financial Integration and Liberalisation

8. The Meeting welcomed the notable progress in financial services liberalisation initiatives, including the ongoing negotiations on the upgrade of the Annex on Financial Services of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). The Meeting recognises the potential contribution of the AANZFTA not only to our regional integration, but more significantly to our post-pandemic recovery.
9. The Meeting encouraged our finance officials to expedite efforts to foster financial services liberalisation in the region, particularly in (a) completing the signing of ASEAN Framework Agreement on Services (AFAS) Package 9 Protocol at an appropriate time; (b) transitioning from the AFAS to ASEAN Trade in Services Agreement (ATISA) Non-Conforming Measures (NCMs) with the agreed workplan; (c) commencing the financial services negotiations on the ASEAN-Canada FTA as well as (d) upgrading the AANZFTA, including incorporating elements that would help ensure the resilience of financial stability, promote digitalisation, and generate new and financially meaningful opportunities to the financial sector.
10. The Meeting also acknowledged the two capacity building activities to support the work under the Working Committee on Financial Services Liberalisation (WC-FSL) namely (i) Investor State Dispute Settlement on Financial Services (ISDS-FS); and (ii) Marine, Aviation and Goods in Transport (MAT) Insurance to further strengthen our competencies in engaging with our Dialogue Partners.
11. The Meeting welcomed the completion of the study on AMS' Financial Landscape Toward Furthering ASEAN Banking Integration in the Digital Era which provides recommendations to the Working Committee on ASEAN Banking Integration Framework (WC-ABIF) to maximise benefits of financial digitalisation while

minimising associated risks by further assessing the impact of digitalisation on the financial sector and how the current ABIF Guidelines and related frameworks can adapt to the new landscape.

12. The Meeting acknowledged the significant progress of the ASEAN Capital Market Forum's (ACMF) implementation of its ACMF Action Plan 2021-2025, particularly on its Phase 2 Action Plan 2021-2025 that includes: (i) driving higher levels of transparency and disclosure, (ii). Continuing with regulatory harmonization, (iii). Intensifying capacity building, (iv). Amplifying communication and building awareness (v). Strengthening cooperation and coordination. The Meeting welcomed the effort of ACMF to develop the ASEAN Collective Investment Scheme (ASEAN CIS) Digital Repository which will become a platform to promote and publicize cross-border offerings of funds in ASEAN. The Meeting also noted the continued development of the ASEAN Corporate Governance Scorecard and look forward to the ASEAN Corporate Governance Awarding Ceremony in September 2022.

Trade and Investment Facilitation

13. The Meeting commended the Working Committee on Capital Account Liberalisation (WC-CAL) for the good progress in strengthening policy dialogue and information exchange mechanism on capital flows statistics and measures among AMS. The Meeting also noted the completion of the ASEAN WC-CAL Policy Note on Capital Account Safeguard Measures Recent Experiences, which was conveyed to the IMF as input to its ongoing work on the Integrated Policy Framework (IPF). Additionally, the Meeting looks forward to the stocktake of AMS' sustainable finance development policies and initiatives to promote capital flows and investments for sustainable finance-related activities domestically and within ASEAN.
14. The Meeting welcomed the progress of the ASEAN Forum on Taxation (AFT)'s initiative on the network of bilateral avoidance of double taxation agreements (DTAs) with an additional signing between Brunei Darussalam and Philippines, as well as ratification of two (2) DTAs between Cambodia and Malaysia, and Cambodia and Indonesia, bringing the signed and ratified DTAs to 72. The Meeting also commended Malaysia for completing all the DTAs with AMS. The Meeting encourages the AFT to work towards the completion and improvement of the bilateral DTA networks among AMS, under the Strategic Action Plan 2016-2025 for taxation cooperation. In addition, the Meeting encourages the remaining AMS to consider joining the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Inclusive Framework on Base Erosion and Profit shifting, and implement the internationally agreed standards. The Meeting also encourage the AFT to study the utilisation of digitalisation as a means to increase the efficiency of revenue collection.
15. The Meeting took note of the ASEAN Withholding Tax (WHT) Study's recommendation to make WHT information and documentation available to taxpayers in electronic format accessible from a single portal, and the ASEAN initiative for such information, alongside the Standardised Certificate of Residence

(CoR) in ASEAN to be available in a centralised portal on the ASEAN Finance Cooperation Web Portal (AFCWP). The Meeting encouraged the AFT to further enhance these informations in the portal where appropriate to further facilitate the administrative efficiency of cross-border transactions, as well as promoting regional competitiveness in ASEAN. The Meeting looks forward to the AFT further discussing and developing an Action Plan on the other recommendations of the ASEAN WHT Study.

16. The Meeting is also pleased with the ASEAN Customs continued progress in their implementation of the Strategic Plans of Customs Development (SPCDs) 2021-2025 programme and initiatives particularly towards the realisation of the first characteristic identified in ASEAN Economic Community Blueprint 2025 that includes the (i) Implementation of the Authorized Economic Operator (AEO) and the ASEAN AEO Mutual Recognition Arrangement (AAMRA) where seven (7) AMS have already implemented their national AEO programmes, (ii) ASEAN Customs Transit System (ACTS) full live operations in six (6) Participating Member Countries (PMC), and (iii) continuing cooperation with Dialogue Partners to exchange intelligence information in a timely manner and leveraging technology to fight illicit trade. The Meeting looks forward to the adoption of the Joint Action Plan on the AAMRA at the ASEAN Customs Director-Generals Meeting in Singapore in June 2022.
17. The Meeting also commended the progress of the ASEAN Single Window (ASW), particularly in the implementation of the ASEAN Customs Declaration Document (ACDD) with six (6) AMS having exchanged ACDDs since 2020. The Meeting encourages the remaining AMS to join the implementation of the ACDD in 2022.

Financing, Payment and Service Connectivity

18. The Meeting welcomed the launch of the linkage of the Real-Time Retail Payment Systems (RT-RPS) of Singapore and Thailand in 2021, the world's first cross-border RT-RPS linkage implemented, which facilitates faster, cheaper, more inclusive, and more transparent cross-border payment transfers.
19. The Meeting is also pleased with the launches of bilateral cross-border QR code payment linkages between Indonesia and Thailand, Indonesia and Malaysia, Malaysia and Thailand, Singapore and Thailand, Thailand and Vietnam, and Cambodia and Thailand, as well as the upcoming linkages between Malaysia and Singapore, and the Philippines and Singapore. These linkages will enable users to make cross-border payments by using QR codes, and will contribute to the development of a regional cross-border payments network within ASEAN.
20. The Meeting looks forward to the expansion of the RT-RPS and QR code payment linkages into an interconnected network across the region, furthering ASEAN's digitalization drive and enabling financial inclusion. This will position ASEAN globally at the forefront of retail payments connectivity.

21. In addition, the Meeting noted that the Working Committee on Payment and Settlement Systems' (WC-PSS) is developing an approach to monitor AMS' progress in meeting the G20/FSB targets for cross-border payments on cost, speed, transparency, and access.

Infrastructure Financing

22. The Meeting expressed appreciation for the ASEAN Infrastructure Fund's (AIF's) efforts in mainstreaming the Green and Inclusive Infrastructure Window (GIIW) into the permanent ASEAN Catalytic Green Finance Facility (ACGF) to sustain momentum from its pilot programme to further meet long-term objectives, including robust demand for ACGF financing and technical support and its contribution to the region's green recovery under the post-pandemic scenario.
23. The Meeting noted the progress of the Working Committee on Capital Market Development (WC-CMD) and the ASEAN Capital Market Forum (ACMF) on Infrastructure Financing, particularly on the WC-CMD Infrastructure Finance Working Group (IFWG)'s development of a Conversation Pack as part of the "Sustainable Finance First for Sustainable Projects" Initiative. This aims to kick start discussions with the relevant ministries, government agencies, project owners and promoters to consider using sustainable finance as the first choice for financing for sustainable projects. The Meeting welcomes the publication of the Conversation Pack on the ASEAN Finance Cooperation Web Portal (AFCWP) and look forward to its socialisation program this year. The Meeting also acknowledged the discussions on the Standardised Core Project Finance Loan Documents, made available online by Infrastructure Asia, with the support of the Asia-Pacific Loan Market Association.

Sustainable Finance

24. The Meeting commended the progress made by the ASEAN Taxonomy Board (ATB) on the issuance of Version 1 of the Key Components of the ASEAN Taxonomy for Sustainable Finance (Version 1) on 10 November 2021, which encapsulates the key components of a sustainable finance taxonomy catered to the needs of AMS. The principles-based Foundation Framework will allow AMS to pursue the region's sustainability agenda in a way that reflects their individual circumstances, while the Plus Standard will set out science-based metrics and thresholds for the classification of economic activities that contribute to Paris Agreement-aligned pathways. The Meeting welcomed the approach of the ASEAN Taxonomy that is inclusive, transparent, practical and facilitative while providing rigorous pathways that are consistent with regional and global sustainability ambitions.
25. The Meeting noted that the ATB will be commencing stakeholder consultations on Version 1 and received inputs will be used in developing the next version of the ASEAN Taxonomy.
26. The Meeting took note of the significant progress of the recommendations under ACMF Roadmap for ASEAN Sustainable Capital Markets. The Meeting is pleased with the issuance by the ACMF of the ASEAN SDG Bond Toolkit to provide

preliminary guidance on the key principles and processes for issuing bonds that are aligned with the United Nations Sustainable Development Goals (SDGs) in order to mobilize more private capital to finance SDG investments that yield sustainable development outcomes and accelerate the economic recovery from the impact of the COVID-19 pandemic.

27. The Meeting also acknowledged the progress by the ACMF in the development of the ASEAN Sustainability-Linked Bond Standards to facilitate issuances of bonds with sustainability-linked goals and targets, to complement the existing suite of bond standards that the ACMF has already introduced for green, social and sustainability bonds, and encourage more ASEAN companies to tap sustainable finance for their transition to sustainable business practices. The Meeting looks forward to this standard being endorsed by the ACMF Chairs' meeting at the end of this year. The Meeting also supports the ACMF's initiative on the development of ASEAN Sustainable and Responsible Fund Standards and the introduction of a "Green Lane" to facilitate cross-border offerings of ASEAN Sustainable and Responsible Fund in supporting the Roadmap on ASEAN Sustainable Capital Markets.
28. The Meeting recognised the ACMF's and WC-CMD's efforts in deepening industry engagement through the Joint Sustainable Finance Working Group (JSFWG) Industry Advisory Panel (IAP) in the priority areas of taxonomy; transition standards; disclosures; and strengthening demand and supply. The Meeting looks forward to the publication of the IAP whitepapers in the coming months.
29. The Meeting supported the workplan for sustainable insurance that the ASEAN Insurance Regulators Meeting (AIRM) has developed. This includes the launch of a biannual newsletter to update AIRM members on developments and available capacity building programmes on sustainable finance, and the identification of sustainability/climate risk as a priority area for capacity building programmes by the ASEAN Insurance Training and Research Institute (AITRI).
30. The Meeting acknowledged the significant progress made by the ASEAN Central Banks in promoting the sustainable finance agenda. The Meeting welcomed the establishment of the two workstreams under the Senior Level Committee Task Force (SLC-TF) to follow-up on the priority areas of capacity building for sustainable finance and the development of an ASEAN Green Map. The Meeting welcomed the efforts of the SLC-TF, with technical support from Southeast Asian Central Banks (SEACEN) Centre in developing an ASEAN Learning Roadmap and Learning Curriculum on Sustainable Finance that will provide ASEAN Central Banks and regulators with insights into the tools and approaches to assess and monitor environmental risk; design appropriate mitigation measures; and support the scaling up of sustainable finance. The Meeting also commends the initiative to develop an ASEAN Green Map to promote a comprehensive and coordinated development of sustainable finance in the region across banking, insurance, capital market, and ancillary services sector that support sustainable financing. The Meeting supports the initiative to conduct a stock-take on AMS' progress on sustainable banking.

Financial Inclusion

31. The Meeting will continue to advance financial inclusion in ASEAN by increasing financial access, usage and quality of financial services for the peoples in ASEAN. The Meeting is pleased to note that the average level of ASEAN financial exclusion, based on AMS' national data is now at 27.92 percent, already surpassing the 2025 target of 30 percent in the Strategic Action Plans (SAP) for Financial Integration. The Meeting noted that all AMS have now established a national financial inclusion or financial education strategy / blueprint in supporting their national financial inclusion strategy and implementation plans. The Meeting welcomed the publication of the works of the Working Committee on Financial Inclusion (WC-FINC) namely the "Policy Note on Digital Financial Literacy" and "Measuring Progress 2021: Financial Inclusion in Selected ASEAN countries" in supporting greater financial inclusivity in the region and integrating financial inclusion effort with economic inclusion outcome.
32. The Meeting take note of the considerable progress in insurance penetration in ASEAN, despite the pandemic and economic contraction in the region. This was facilitated by the accelerated deployment of digitalisation initiatives and amendments to regulations to enable insurance business to seamlessly adapt to the new operating environment brought on by the pandemic. The Meeting welcomed AIRM's initiative to develop a COVID-19 Insurance Data Terminal that consolidates the entry and travel insurance requirements of each AMS.

Disaster Risk Financing

33. The Meeting is pleased with the progress made by the ASEAN Disaster Risk Financing and Insurance (ADRFI) Phase 2 Programme Offices run in parallel by the ICRM-NTU and the ASEAN Secretariat. On Risk Assessment, the Meeting noted the completion of the Economic Exposure Data (EED) and Economic Loss Data (ELD) report for the three AMS last year and ongoing work for three more AMS this year. The data exchange and analytics prototype-portal which uses 2-D and 3-D dashboards for risk financing analysis to facilitate AMS' risk assessment and advisory work, was also completed ahead of schedule. On the capacity building programme, the Meeting also welcomed the good progress made with the roll-out of three capacity building activities in collaboration with various International Organisations to support the enhancement of the disaster finance resiliency and address the climate risk in the region. The Meeting also took note of the ongoing discussion on possible expansion of the scope for the ASEAN Cross-Sectoral Coordination Committee On Disaster Risk Financing and Insurance to include other risks such as pandemic health risk.

Cyber Resilience

34. The Meeting welcomed the continued sharing of updates among AMS on cyber resilience and capacity building initiatives of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP) to combat cybersecurity threats among central banks.

35. The Meeting looks forward to the signing of the supplemental Memorandum of Understanding (MOU) by all Digital Technology Network (DTN) members.

Digital Asset

36. Cognisant of the importance of digital asset development and challenges, The Meeting welcomed the initiatives to include a standing agenda item in the ACMF's agenda to exchange information and views on the regulation and developments in the area of digital assets. The Meeting also encourage greater exchange of views on digital asset developments amongst the relevant ASEAN working committees.

Dialogue with the Business Councils

37. The Meeting expressed our appreciation to the ASEAN Business Advisory Council, ASEAN Financial Institutions CEO, EU-ASEAN Business Council and the US-ASEAN Business Council on the lively exchange of views on the outstanding regional and global issues. The Meeting recognised the significant role and contributions of our industry partners in supporting ASEAN's initiatives in advancing regional post-pandemic economic recovery towards a sustainable, resilient and inclusive growth.

Conclusion

38. The Meeting appreciate the support given by the ASEAN Secretariat to the 8th AFMGM and its Related Meetings.
39. The Meeting expressed our deep appreciation to Cambodia for hosting the 8th AFMGM and its Related Meetings in virtual format given this trying times. The Meeting welcomed Indonesia as Chair and Host of the 9th AFMGM in 2023.

