

**The Joint Ministerial Statement
of the 10th ASEAN+3 Finance Ministers' Meeting
5 May 2007, Kyoto, Japan**

Introduction

1. We, the Finance Ministers of ASEAN, China, Japan and Korea (ASEAN+3), convened our tenth meeting in Kyoto, Japan, under the co-chairmanship of H.E. Chalongphob Sussangkarn, Minister of Finance of the Kingdom of Thailand and H.E. Jin Renqing, Minister of Finance of the People's Republic of China.
2. We exchanged views on regional economic and financial developments and policies. We also reviewed the progress of regional financial cooperation processes, including the Chiang Mai Initiative (CMI) Multilateralisation, the Asian Bond Markets Initiative (ABMI), and the ASEAN+3 Research Group. We also explored ways to further enhance these initiatives.

Recent Economic and Financial Developments in the Region

3. We welcomed continued strong growth of the regional economy. The growth outlook for 2007 remains favourable and the external environment is broadly supportive of regional economic expansion. We also noted challenges posed by main downside risk factors, including possible spillover effects from potential slowdown in major world economies, large global imbalances, greater financial market volatilities, growing signs of a rise in protectionist sentiment and a recurrent rise in oil prices.
4. We recognised the increased globalisation of economies and agreed on the importance of policies that strengthen the region's resilience. In this context, we reiterated our commitment to accelerate and deepen structural reforms and implement appropriate macroeconomic policies including domestic demand-driven measures to support sustainable economic growth of the region.

Strengthening East Asian Financial Cooperation

5. On the **Chiang Mai Initiative**, we were pleased to note that the Bilateral Swap Arrangement (BSA) network has increased to US\$ 80 billion, consisting of 16 BSAs among 8 countries.
6. We noted the substantial progress made in the activities of the new Taskforce on CMI Multilateralisation. Proceeding with a step-by-step approach, we unanimously agreed in principle that a self-managed reserve pooling arrangement governed by a single contractual agreement is an appropriate form of multilateralisation. We recognised the consensus reached as a significant achievement towards an advanced framework of regional liquidity support mechanism. We instructed the Deputies to carry out further in-depth studies on the key elements of the multilateralisation of the CMI including surveillance, reserve eligibility, size of commitment, borrowing quota and activation mechanism. Meanwhile, we reiterated our commitment to maintain the two core objectives of the CMI, i.e., (i) to address short-term liquidity difficulties in the

- region and (ii) to supplement the existing international financial arrangements.
7. We reaffirmed the importance and necessity of strengthening cooperation on regional surveillance alongside the CMI multilateralisation process based on the **Economic Review and Policy Dialogue (ERPD)**. We welcomed the initial progress made by the **Group of Experts (GOE)** and the **Technical Working Group on Economic and Financial Monitoring (ETWG)** on ways to strengthen regional surveillance capacity since their launches after our last meeting in Hyderabad. Further, we agreed to explore ways on how to link these activities with strengthened surveillance within the region.
 8. On the **Asian Bond Markets Initiative**, we encouraged collective efforts of ABMI Working Groups in prioritising the work plans and setting clear deliverables to move forward. We welcomed the diversification of issuers and types of local currency denominated bonds, and endorsed undertaking of the following new studies: Exploring New Debt Instruments for Infrastructure Financing, Promotion of Securitisation of Loan Credits and Receivables, and Promotion of Asian Medium Term Note (MTN) Programme. We also recognised noticeable progress of studies on regional credit guarantee and investment mechanism, settlement system, credit rating harmonisation as well as technical assistance coordination. Furthermore, we were also pleased to see the strengthened public and private sector cooperation under the ABMI.
 9. On the **ASEAN+3 Research Group**, we acknowledged the depth and significance of the research studies related to the region's effort to promote greater economic and financial cooperation. We endorsed two new study topics for 2007/08 Research Group activities: (1) "Development of Database on Corporate Credit Information" and (2) "Development of Capital Market to Widen and Diversify SME Financing".

Conclusion

10. We expressed our appreciation to the governments of the Kingdom of Thailand and the People's Republic of China for their excellent arrangements as co-chairs of the ASEAN+3 Finance Ministers' Process in 2007. We also thanked the government of Japan for its hospitality and kind cooperation on hosting the venue.
11. We agreed to meet in Madrid, Spain, in 2008. Viet Nam and Japan will be co-chairs of the ASEAN+3 Finance Ministers' Process in 2008.