

The Joint Ministerial Statement of the ASEAN + 3 Finance Ministers Meeting (7 August 2003, Makati)

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Introduction

1. We, the Finance Ministers of ASEAN, China, Japan and the Republic of Korea (ASEAN + 3) convened our meeting in Makati chaired by H.E. Jose Isidro N. Camacho, Secretary of Finance, the Philippines.
2. The Finance Ministers of China, Japan and the Republic of Korea join their ASEAN colleagues in expressing their sadness at the loss of lives in the Jakarta bombing on 5 August 2003. We condemn this terrorist attack in the strongest possible terms and re-affirm our fullest support for Indonesia. We reiterate our full commitment to the global fight against terrorist financing and money laundering.
3. We discussed recent economic and financial developments and policies. We also reviewed the progress of regional financial cooperation initiatives, including, the Chiang Mai Initiative (CMI), Monitoring of Capital Flows, the Early Warning System (EWS) and the Asian Bond Market Initiative (ABMI).

Recent Economic and Financial Developments in the Region

4. We are pleased to note the stronger than expected growth in the regional economies in 2002 which was supported by a revival in domestic demand and exports in some countries. The robust performance continued into the first quarter of 2003. The region remains resilient and is expected to register higher growth as global recovery picks up.
5. We had the opportunity to hear the report of ADB President Tadao Chino on the economic outlook of the region. The positive developments in the ASEAN + 3 economies are supported by the improvements in the economic indicators in some of the developed countries. Mr. Chino identified three key long-term challenges for the ASEAN + 3 countries: (1) reforms in the banking system; (2) restructuring of the corporate sector; and (3) deeper financial and monetary cooperation.
6. We are confident that our accommodative monetary policy and fiscal stimulus will enable the SARS-affected economies among us to recover. We resolved to intensify structural reforms, particularly on the regulatory and supervisory system, and the ongoing financial and corporate sector restructuring.

Strengthening East Asia Financial Cooperation

7. On regional financing arrangements, we are pleased to note significant progress since we last met in Shanghai in May 2002. The number of Bilateral Swap Arrangements (BSAs) has doubled from six to twelve, and the size of the network has increased from USD 17 billion to USD 31.5 billion. Four more BSAs (China-Indonesia, China-Philippines, Korea-Indonesia and Japan-Singapore) are expected

to be concluded before the end of this year.

8. To strengthen the current peer review process, we agreed to implement the recommendations made by the ASEAN+3 Study Group to Examine Ways of Enhancing the Effectiveness of Economic Reviews and Policy Dialogues.
9. We also agreed to set up the ASEAN+3 Finance Cooperation Fund (the Fund) to support our on-going economic review and policy dialogue. The Fund would complement our efforts to enhance the effectiveness of our economic surveillance in support of the CMI and the ABMI. The Fund would be administered by the ASEAN Secretariat.
10. We agreed to intensify our efforts to develop regional bond markets. This will further strengthen our financial systems by better utilizing the aggregate savings in the region and minimizing the risk of maturity and currency mismatches. Voluntary working groups have been established to further discuss a range of key issues crucial to further development of the domestic and regional bond markets, such as, securitization, credit guarantee, promotion of local currency denominated bonds, credit rating, and foreign exchange transactions and settlement issues.
11. We welcomed our Deputies' initiative in setting up a voluntary research group to explore ways to further strengthen financial cooperation and promote financial stability in the region. Japan is prepared to make a significant financial contribution to this research activity and we look forward to a fruitful outcome of this collaboration.
12. We conducted a useful dialogue with the ADB President. We welcomed the ADB's technical support for ABMI as well as for the capacity building to set up the EWS in participating member countries. We support the establishment of the EWS to strengthen our participating members' surveillance capacity.
13. We welcomed the workshop that was jointly organized by Japan and the ASEAN Secretariat on Monitoring System for Short-term Capital Flows –Phase II. The workshop was held in Kyoto and was attended by ASEAN+3 finance and central bank officials. We also welcomed the training course organized by China on Economic Reforms and Development.
14. We agreed to meet in Jeju, the Republic of Korea, in 2004 where we look forward to further progress on the ASEAN+3 initiatives.
15. We express our thanks to the Philippines for hosting the 6th ASEAN +3 Finance Ministers Meeting.