

MESSAGE FROM 2023 CO-CHAIRS OF AMRO'S EXECUTIVE COMMITTEE

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The ASEAN+3 region remains a key driver of growth in the global economy in 2023 despite the challenges confronting us. High inflation, tighter financial conditions, supply chain reconfiguration and higher global commodity prices have tested our ability to navigate uncertainties. At the same time, the fundamentals of our region remain strong, with resilient domestic demand and robust tourism flows supporting economic activity in our region.

Navigating these challenges has underscored the importance of remaining vigilant of risks and vulnerabilities, strengthening regional economic integration, and reinforcing multilateralism. The [ASEAN+3 Finance Process](#) has been pivotal in facilitating new initiatives that reflect our collective interests, as well as open and frank communication among us. Japan and Indonesia, as Co-chairs of the ASEAN+3 Finance Process, are grateful to AMRO for the invaluable support on both these fronts during our co-chairmanship.

Following its [SD2030](#), AMRO's elevated mission is to contribute to the macroeconomic and financial resilience and stability of the ASEAN+3 region through [surveillance](#), supporting the RFA, providing TA, serving as a regional knowledge hub, and facilitating ASEAN+3 financial cooperation. We are pleased to share that in 2023, AMRO has exceeded our expectations.

The key highlight of the year is that ASEAN+3 Deputies agreed on the establishment of the RFF under the CMIM and in principle its modalities for endorsement by the Ministers and Governors in May 2024 to bolster the regional resilience of ASEAN+3. The Deputies further agreed to discuss concomitantly ways to incorporate FUCs for the RFF. The roadmap to further advance discussions of financing structures was agreed among ASEAN+3 members. We also successfully completed a review of the CMIM's margin structure, and the 14th CMIM test run, which involved actual funds transfer using the new CMIM reference rate. In addition, we made good progress in advancing discussions on the CMIM's future direction, and in facilitating the use of local currencies (LCYs) in the CMIM—on top of the USD—by setting up relevant procedural arrangements. These initiatives and developments will improve our region's financial safety net and provide us with better self-insurance in times of uncertainty. All these achievements would not have been possible without AMRO's strong intellectual support throughout the year, for which we extend our deepest appreciation.

ASEAN+3 remains committed to strengthening AMRO's governance and improving its inclusiveness, while addressing its growing business needs. We recognize that AMRO will need more support to allow it to continue to deliver high-quality output. Thus, as a key achievement, ASEAN+3 has agreed to create an additional Senior Management (SM) position to enhance its agility to respond to the evolving environment, as well as strengthen its competency, professionalism and efficiency in delivering its enhanced mandate under the SD2030, all while supporting its longer-term development. The appointment for this position will be completed by mid-2024 and we are confident that this will equip AMRO with the resources needed to address the pressing challenges of our generation.

We also commend AMRO's launch of the inaugural *AFSR* on the sidelines of the [2nd ASEAN+3 Economic Cooperation and Financial Stability Forum \(AMRO Forum\)](#), which took place in December in Kanazawa, Japan. Co-hosted by AMRO and ADBI, this forum has proven to be an important platform for academics, high-level policymakers and experts to deliberate on key topical challenges and possible solutions to address them. The introduction of the *AFSR*, with its focus on market developments and potential risks to regional financial stability is also timely, given the increasingly complex financial landscape.

In addition to its regular and timely [surveillance work](#), AMRO has made concerted efforts to raise its profile as the leading voice on regional macroeconomic and financial matters, serving as a nexus to bring together prominent experts to address issues that impact us. To this end, we commend AMRO's successful establishment of the AFTN, comprising eminent research institutions from the region. By bringing the best and brightest minds together, we are assured of the AFTN's ability to synthesize policy discussions into concrete policy recommendations to assist us in addressing issues of common interest to our region.

The AFTN is just one element of AMRO's stepped-up partnership initiatives. In this regard, we welcome AMRO's PS2030, which was updated to align with its SD2030. We encourage AMRO to continue building on its strong partnership foundations and effectively contribute to the global macroeconomic and financial agenda.

On the TA front, we appreciate AMRO's tireless efforts in providing tailored support to ASEAN+3 members through secondments, training courses, research collaborations and consultancy programs. We especially welcome the [Financial Leadership Training Program](#) proposed by AMRO to promote the region's financial leadership capacity. We encourage AMRO to continue scaling up and adjusting its TA programs to ensure relevance in this area.

During our co-chairmanship, we also sought AMRO's support on three important thematic studies of interest to our region. These studies focused on LCY transactions in cross-border payments, corporate debt-at-risk, and household debt. We are grateful for AMRO's research in these areas, which has highlighted the potential in promoting the use of LCY transactions to strengthen payment connectivity and enhanced our understanding of macro-financial stability risks emanating from the household and corporate sectors.

We are very heartened by the tangible deliverables and new initiatives that materialized during our co-chairmanship. This deepening of ASEAN+3 financial cooperation necessitates dedicated and stronger institutional support to safeguard consistency and continuity. Thus, ASEAN+3 members have agreed to entrust AMRO with the important task of providing secretariat support to the ASEAN+3 Finance Process. Starting from 2024, AMRO will implement the approved terms of reference (TOR) and step up efforts in assisting ASEAN+3 members by ensuring systematic support, enhancing efficiency, and promoting our collective voice beyond the region.

ASEAN+3 members remain committed to collaborating with each other, and with AMRO, to safeguard and nurture multilateral cooperation. We are united in the belief that we have more in common with each other than our differences. In these uncertain times, we must work together to confront global challenges to build a brighter, more inclusive and sustainable future for posterity. We pass the co-chairmanship to Lao PDR and Korea for 2024, to continue our shared journey in fostering deeper and closer regional ties.