

## **The Joint Ministerial Statement of the ASEAN + 3 Finance Ministers Meeting (10 May 2002, Shanghai)**

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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 Shanghai to exchange views on recent economic and financial developments, and policies being adopted by our member countries to sustain the momentum of economic growth. We also reviewed the progress of and discussed further regional financial cooperation initiatives, including the Chiang Mai Initiative, efforts to strengthen regional policy dialogue, monitoring of capital flows, and early warning system.
2. H.E. U Khin Maung Thein, Minister for Finance and Revenue, Union of Myanmar, presided over the Meeting.

#### **Recent Economic and Financial Developments in the Region**

3. We exchanged views on recent economic developments in member countries and noted that growth in the regional economies moderated in 2001, as a result of weak global demand that was exacerbated by the September 11 incidents in the United States. To mitigate the impact of weak external demand and to sustain economic growth, most member countries adopted an accommodative monetary stance and implemented expansionary fiscal measures. Despite the economic slowdown, member countries continued to make substantial progress on financial and corporate sector restructuring as well as structural reforms.
4. We noted that signs of recovery in the United States and Europe have emerged since earlier this year. While uncertainties remain, we are confident that the global economy is set to gradually recover this year, with increased momentum in the second half of the year. In this connection, we stressed the importance of appropriate measures to facilitate sustainable economic growth. We shall put greater efforts to expedite structural reforms, particularly to enhance the regulatory and supervisory framework, and measures to accelerate the pace of on-going financial and corporate sector restructuring.

#### **Strengthening East Asia Financial Cooperation**

5. On regional financing arrangement, we are pleased that significant progress has been made in the implementation of the Chiang Mai Initiative. To date, six bilateral swap arrangements (BSAs) between Japan-Korea, Japan-Thailand, Japan-the Philippines, Japan-Malaysia, China-Thailand, and China-Japan with a combined size of USD 17 billion, have been concluded and signed. Negotiations on two BSAs between China-Korea and Korea-Thailand are already at an advanced stage while substantial agreements on the two BSAs between Korea-Malaysia and Korea-the

Philippines have been reached. Another four BSAs between Indonesia-Japan, Japan-Singapore, China-Malaysia and China-the Philippines have been initiated. In addition, in line with the Chiang Mai Initiative, the existing swap arrangements between Japan-Korea and Japan-Malaysia have been renewed with the combined size of USD 7.5 billion.

6. Since May last year, the ASEAN+3 Study Group comprising senior finance and central bank officials had met twice to discuss frameworks and modalities to enhance the effectiveness of our economic review and policy dialogue. Resulting from that, our finance and central bank deputies would meet informally once a year to discuss economic and policy issues. The first such meeting was held successfully in Myanmar on 4 April 2002. We remain committed to enhancing the policy dialogue process in the region.
7. On the monitoring of capital flows, we noted that seven countries, namely Brunei, Indonesia, Japan, Korea, the Philippines, Thailand and Viet Nam, agreed to bilateral exchange of short-term capital flows data. We welcomed the Japan-ASEAN Financial Technical Assistance Fund's on-going contributions to strengthen the monitoring systems of capital flows in ASEAN member countries. To further enhance monitoring and prudential management of short-term capital flows, a high-level seminar on short-term capital flows will be held in Beijing in October this year.
8. We noted with appreciation the ADB's technical support for the development of a regional early warning system and its regular update on East Asian economic and financial developments. We looked forward to an early successful conclusion of this exercise and distribution of this prototype among ASEAN+3 member countries.
9. We also appreciated China's continued effort to arrange the training course on Economic Reforms and Development in China for the ASEAN + 3 finance and central bank officials.