

**Joint Statement of the 5<sup>th</sup> ASEAN Finance Ministers' and  
Central Bank Governors' Meeting (AFMGM)  
Chiang Rai, Thailand, 5 April 2019**

1. We, the Finance Ministers and Central Bank Governors of ASEAN, convened the 5<sup>th</sup> Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors in Chiang Rai, Thailand on 5 April 2019 under the co- chairmanship of Mr. Apisak Tantivorawong, Minister of Finance of the Kingdom of Thailand, and Mr. Veerathai Santiprabhob, Governor of the Bank of Thailand.
2. We reiterate our commitment to the pursuit of an integrated ASEAN to support economic growth and strengthen financial stability in the region amidst heightened uncertainties arising from trade tensions and policy adjustments of advanced economies. We welcome Thailand's theme of **Advancing Partnership for Sustainability** and its goal of achieving this through inclusive and sustainable growth. We also underscore the importance of the Chair's proposed initiatives to enhance connectivity, sustainability and resilience as key pillars of strengthening financial cooperation this year.

**Economic Update and Policy Challenges**

3. We are pleased to note that ASEAN continued to grow by 5.1 percent in 2018, anchored on strong domestic demand and investments. We reaffirm our commitment to international trade and investment, which are important engines of growth and development. We are confident that the significant infrastructure developments implemented across the region in several ASEAN Member States (AMS), will boost investment, consumption and spur economic growth. Nevertheless, we are cognizant of the downside external risks and stand ready to implement the appropriate policy responses needed to sustain growth and maintain stability in our financial systems. In this regard, we note the macroeconomic and financial risk monitoring exercise by the Working Committees under the Senior Level Committee on Financial Integration.
4. We recognise the importance of continued macroeconomic surveillance in ASEAN. We continue to engage the ASEAN+3 Macroeconomic Research Office (AMRO) in closely monitoring the economic and financial development in the region, strengthening its surveillance and operational capabilities, and in providing support to the Chiang Mai Initiative Multilateralisation (CMIM) as an effective regional financial safety net and a key component of the Global Financial Safety Net.

**Financial Integration and Liberalisation**

5. We welcome the notable progress in financial services liberalisation with the signing of the Protocol to Implement the Eighth Package of Commitments on Financial Services under the ASEAN Framework Agreement on Services (AFAS) by all ASEAN Finance Ministers on 5 April 2019. The Protocol underscores our strong commitment in advancing linkages among AMS by further opening market access in the financial services sector. We are pleased to note that negotiations for the 9<sup>th</sup> Protocol have commenced and encourage

AMS to make substantial commitments for its early finalization, in line with the ASEAN Economic Community (AEC) Consolidated Strategic Action Plan (SAP) 2025.

6. For the banking sector, we welcome the conclusion of two new bilateral arrangements under the ASEAN Banking Integration Framework (ABIF), which would come into effect after the signing of the aforementioned 8<sup>th</sup> Protocol. We encourage banks to take advantage of the ABIF arrangements as Qualified ASEAN Banks (QABs) could benefit from greater market access and operational flexibilities. We also look forward to greater collaboration with the banking industry towards ASEAN banking integration and the accomplishment of AEC 2025 strategic action plans for financial integration.
7. We welcome the introduction of the Financial Services Commitments Scoremap, which allows for a comprehensive monitoring of the openness of our financial services sector. We are pleased to note that the Scoremap has shown progressive liberalisation in the insurance, banking and capital markets subsectors.
8. We note our Deputies' endorsement of the revised Terms of Reference for the Working Committee on Financial Services Liberalisation (WC- FSL) to streamline the WC- FSL's operations and remain relevant to the strategic objectives of the AEC Blueprint 2025 and the principle of ASEAN Centrality.
9. We reiterate our commitment to strengthening ASEAN's partnerships with regional partners. We aim to conclude the Financial Services Annex of the Regional Comprehensive Economic Partnership (RCEP) negotiations by the end of 2019.

### **Trade and Investment Facilitation**

10. We are pleased with the ongoing efforts of the Working Committee on Capital Account Liberalisation (WC-CAL) in promoting the use of local currencies to enhance trade and direct investment flows in the region. We note the three existing bilateral arrangements on local currency settlement, and encourage AMS to consider similar arrangements with each other, where appropriate. We welcome the signing of Letters of Intent between the Bangko Sentral ng Pilipinas (BSP) and Bank Indonesia (BI), the BSP and Bank Negara Malaysia (BNM), and the BSP and the Bank of Thailand (BOT) to initiate discussions on establishment of a local currency settlement framework. We look forward to the completion of the Guiding Principles on Local Currency Settlement Framework, to guide AMS in establishing bilateral local currency settlement arrangements, in the ASEAN region by the end of the year.
11. We welcome the strengthened policy dialogue and information exchange mechanism on capital flow trends and safeguard measures among AMS, as well as the publication of the policy paper on "Capital Account Safeguard Measures in the ASEAN Context"<sup>1</sup>. The paper reflects ASEAN's collective views on capital account safeguard measures and highlighted the importance of sufficient policy space in preserving economic and financial stability.

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<sup>1</sup> <https://asean.org/asean-economic-community/asean-finance-ministers-meeting-afmm/other-documents>

12. We are very pleased with the progress of the customs cooperation, particularly with ongoing development of the live operation of the ASEAN Single Window (ASW), the completion of all AMS of the ratification of the Protocol 7 (Customs Transit System) of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) and the implementation of the ASEAN Harmonised Tariff Nomenclature 2017 (AHTN 2017). We look forward to the remaining AMS joining the live operation for the exchange of the ATIGA e-form D via the ASW by the end of this year. We urge all AMS to complete the ratification of the Protocol 2 (Designation of Frontier Posts) of AFAFGIT to support the operationalisation of the live run of the ASEAN Customs Transit System in 2019.
13. We welcome the efforts of the ASEAN Forum on Taxation (AFT) to complete the bilateral networks of Avoidance of Double Taxation Agreements (DTAs) among AMS and to improve the implementation of Exchange of Information (EOI) for tax purposes in accordance with international EOI standards. We welcome the Study on ASEAN Interest Withholding Tax Structure and encourage the AFT to further enhance the withholding tax structure among AMS as well as to promote the broadening of the investor base in ASEAN debt issuances. We look forward to AFT discussing an action plan accordingly. We also welcome the AFT's initiative on developing a Standardised Certificate of Residence (CoR) in ASEAN, which would efficiently facilitate tax treaty benefit claims among members.
14. We further commend the good progress made by the ASEAN Insurance Forum (AIFo). We are pleased to endorse the Handbook on ASEAN Insurers offering Cross-Border Marine, Aviation and Goods in Transit (MAT) Insurance, which would provide greater clarity to industry on MAT definition, regulatory framework and consumer protection mechanisms among AMS. We also commend the AIFo for completing the Guiding Principles for the implementation of insurance liberalisation, and for making a good progress on developing the Roadmap for the ASEAN Insurance Integration Framework (AIIF).
15. We welcome the launch of the ASEAN Capital Markets Forum (ACMF) Pass, which came into effect on 1 January 2019, to facilitate cross-border movement of investment advisers. We also welcome the Memorandum of Understanding (MoU) on cross-border publication of research reports and are pleased with ACMF's efforts in engaging the private sector through the ACMF Industry Consultative Panels to ensure the commercial viability of ACMF's initiatives.

#### **Financing, Payment and Service Connectivity**

16. We appreciate the efforts of the Working Committee on Payment and Settlement Systems (WC-PSS) in working towards creating an enabling environment that promotes regional linkages and payment systems that are safe and efficient. We welcome the development of the ASEAN Payments Policy Framework to guide cross-border real-time retail payments across the AMS to achieve a more competitive economic bloc.
17. We encourage the WC-PSS to continue advancing efforts in developing a regional framework to facilitate the integration of real-time retail payment systems in ASEAN. We welcome the initiative to explore the feasibility of interoperable QR codes to promote the use of innovative retail payment instruments across the AMS, ultimately to lower cost of

services and encourage the use of local currencies in the settlement of cross-border transactions. This is done with recognition of recent collaborations, which include Thailand, Cambodia, Lao PDR, and Singapore. These initiatives will collectively enable greater cross border payments to support intra-ASEAN trade and tourism. Furthermore, we welcome the progress on the Thailand and Singapore payment system linkage and look forward to its live-operation by the first half of 2020.

### **Infrastructure Financing**

18. We reaffirm our commitment to accelerate infrastructure development and financing in ASEAN through the mobilisation of private capital. Towards this end, we note the ASEAN Infrastructure Fund (AIF)'s two innovative windows: (i) Inclusive Finance Facility, which would offer limited concessional loans to Cambodia, Myanmar and Lao PDR and (ii) ASEAN Catalytic Green Finance Facility (ACGF), which can help catalyse private sector financing into regional infrastructure projects.
19. We welcome the close collaboration and the joint initiative between the ACMF and the Working Committee on Capital Market Development (WC-CMD) on infrastructure financing and sustainable financing, including the establishment of two new working groups under the WC-CMD, namely: the Working Group on Infrastructure Financing to enhance the role of ASEAN capital markets in supporting infrastructure financing including by utilising Islamic financing, and the Working Group on Sustainable Financing. ACMF and WC-CMD will collaborate closely with each other and with external stakeholders to: (a) develop standardised contractual terms for project documents and project finance documents, and infrastructure investment benchmarks and indices; and (b) explore the development of a register of investors for both green and infrastructure projects and a catalogue on the pipeline of infrastructure projects.
20. We acknowledge the success of the ASEAN Workshop on Innovative Financing Approaches for Sustainable Infrastructure on 11 February 2019, co-hosted by the Ministry of Finance of the Kingdom of Thailand and the Asian Development Bank. We encourage the WC-CMD and the ACMF to explore experts' recommendations from the Workshop, particularly on new financing approaches and how to promote innovative and sustainable infrastructure financing in the region.

### **Sustainable Finance**

21. We envisage that sustainable finance plays an important role to improve our economic efficiency, prosperity, and competitiveness, while protecting and promoting ecological systems, and enhancing cultural diversity and social well-being. In this light, we strive to drive the agenda on sustainable finance through the works of various Working Committees.
22. We endorse the initiative of the ACMF to create the Roadmap for ASEAN Sustainable Capital Markets and support its future implementation. The Roadmap will provide a common vision and comprehensive direction to strengthen ASEAN's commitment on promoting an ecosystem for sustainable capital market development. We also appreciate

the ACMF's efforts to promote sustainable capital markets through the initiative on ASEAN standards on sustainable financing with the adoption of the ASEAN Green, Social and Sustainability Bond Standards.

23. We are pleased with the progress of WC-CMD's efforts to promote sustainable financing, and welcome the adoption of the ASEAN standards on sustainable financing through collaboration with the ACMF. We welcome the efforts of the WC-CMD in developing a report on sustainable financing in ASEAN, which specifies an action plan to promote green, social and sustainability bond issuances using the ASEAN Green, Social, and Sustainability Bond Standards. We look forward to the completion of the report, which will be presented at the next AFMGM for endorsement. We urge financial institutions in each AMS to incorporate Environmental-Social-Governance (ESG) considerations into their business strategy.
24. We recognise the important role that banks play in the allocation of resources. Banks' intermediation has helped promote growth and stability for ASEAN economies. To ensure long term growth of ASEAN economies, it is important that financial resources be directed to the most productive and sustainable uses. ASEAN's banking community, henceforth, aspires to play a significant role in this process to achieve a sustainable ASEAN. In this regard, we welcome the authorities' efforts to conduct a study on promoting sustainable finance and encourage the banking community of ASEAN to gradually adopt the principles of sustainable finance into business practices.

### **Financial Inclusion**

25. We welcome the achievements of the Working Committee on Financial Inclusion (WC-FINC) in significantly moving towards the desired outcome of more financial inclusion in the region and the presence of enabling regulations and infrastructure. The publication of the Guidance Notes on Digital Financial Services (DFS) and the Guidance Notes on Financial Education and Consumer Protection (FCEP) early this year recognise that technology is a strategic enabler of financial inclusion and should be implemented with the consideration of consumer protection. We urge the WC-FINC to continue working on knowledge sharing and capacity building on E-payments and Fintech, among others. We also encourage the WC-FINC to build a closer collaboration with the private sector to facilitate effective and innovative financial technology solutions that can support meaningful financial inclusion. We also look forward to the development of Guidance Notes on Monitoring Financial Inclusion Framework.
26. We are committed to promoting the development of insurance products and literacy to increase the level of insurance inclusion and penetration in the region. We welcome the efforts of ASEAN Insurance Regulators' Meeting (AIRM) in advancing initiatives to support AMS in enhancing insurance awareness and closing the gap for people who are excluded from mainstream commercial and social insurance schemes, as well as mitigating risks for the vulnerable people such as developing a Framework for Microinsurance Product.

### **Disaster Risk Financing**

27. We endorse the Phase 2 Plan of Action of the ASEAN Disaster Risk Financing and Insurance (ADRFI) that would support the provision of disaster risk financing and insurance solutions in the region. We also acknowledged that five AMS and Japan, together with the World Bank as Lead Advisor, signed the MoU to collaborate in setting-up and implementing the Southeast Asia Disaster Risk Insurance Facility (SEADRIF). The two initiatives complement each other and play an integral part in closing ASEAN's protection gap and reinforcing ASEAN's disaster resilience.

### **Cyber Resilience**

28. We recognise the importance of closer ties and regional cooperation among AMS on cybersecurity information sharing and capacity building initiatives through Cybersecurity Resilience and Information Sharing Platform (CRISP). Given the global and cross-border nature of cyber risks, we encourage ASEAN central banks to actively participate in CRISP as well as global platforms<sup>2</sup>, to enhance regional and global cyber risk information sharing. We also look forward to cyber capacity building initiatives for financial regulators.

### **Digital Asset Oversight**

29. We recognise the growth in digital asset related activities and the potential risks. Therefore, we support the work under the ACMF to develop the ASEAN Framework for Cooperation on Digital Asset Oversight to exchange views and share information on regulatory development and to provide public information for investors protection.

### **Other Matters**

30. We commend the efforts of the ASEAN Integration Monitoring Directorate (AIMD) in measuring the progress of the implementation of the AEC 2025 Blueprint through the AEC 2025 Monitoring and Evaluation Framework. To this end, we support the AEC streamlining process to ensure the alignments of their works with the ASEAN Community Vision 2025.

### **Conclusion**

31. We appreciate the support given by the ASEAN Secretariat to the 5<sup>th</sup> AFMGM and its Related Meetings.

32. We extend our appreciation to the Kingdom of Thailand for the excellent arrangements and warm hospitality in hosting the 5<sup>th</sup> AFMGM and Related Meetings in Chiang Rai. We welcome Vietnam as Chair and Host of the 6<sup>th</sup> AFMGM in 2020.

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<sup>2</sup> CERES (Central Banks, Regulators, and Supervisors (CERES) Forum is a global cyber risk information sharing platform that ASEAN members also participate in.