

**Joint Ministerial Statement of the 12th ASEAN Finance Ministers' Meeting
4 April 2008, Danang, Viet Nam**

Introduction

1. We, the ASEAN Finance Ministers, convened our 12th ASEAN Finance Ministers' Meeting (AFMM) in Danang, Viet Nam on 3-4 April 2008 under the Chairmanship of H.E. Vu Van Ninh, Minister of Finance of the Socialist Republic of Viet Nam.
2. We welcomed the continued participation of the troika of Central Bank Governors from Thailand, Viet Nam and Brunei Darussalam representing past, present and future Chairs of ASEAN Central Bank Governors Meeting and their assessment of the recent economic and monetary developments as well as their inputs on ASEAN finance cooperation.
3. We exchanged views on global and regional economic developments and discussed progress in the implementation of the Roadmap for Financial and Monetary Integration of ASEAN and other regional initiatives such as the Asian Bond Markets Initiative and Chiang Mai Initiative. We reaffirmed our commitments to enhance financial cooperation leading to the realization of ASEAN Economic Community (AEC) by 2015 as set forth in the AEC Blueprint adopted by our Leaders in Singapore in November 2007.

Recent Economic Developments

4. We also discussed the external challenges to the region arising from financial markets turbulence, volatile capital flows and the possibility of, a more prolonged and sharper than expected, global slowdown. Nevertheless, we note the robust economic performance in our region, reflecting sound underlying economic fundamentals, prudent macroeconomic management and ongoing structural reforms. Both domestic demand and net exports supported regional GDP growth of 6.7 percent in 2007. Importantly, growth has become increasingly private-sector driven. In addition, our strengthened financial system continued to exhibit greater resilience, which in part, is reflective of our significant efforts to further deepen the financial markets in the region. We remain vigilant against these risks and resolved to maintain sound fiscal and monetary policies, while continuing to implement policies that will sustain domestic demand as an important anchor of growth. We are further encouraged by the growth in intra-regional trade and investments which will continue to mitigate the

external challenges.

5. We had a fruitful dialogue with the ADB President, Mr. Haruhiko Kuroda and World Bank Managing Director, Mr Juan Jose Daboub, following their presentations on regional and global economic outlook and policy issues. We appreciate ADB's and WB's continued support towards ASEAN economic integration.

Roadmap for Financial and Monetary Integration of ASEAN

6. Since the adoption of the Roadmap for Financial and Monetary Integration of ASEAN (RIA-Fin) in 2003, we have strengthened regional financial resilience and stability by deepening regional capital markets, as well as facilitating progressive liberalization of our financial services and capital accounts. Going forward, we agreed that greater financial cooperation would enhance competitiveness and promote equitable development in ASEAN. We also stressed the importance of capacity building in the financial sector towards narrowing the development gaps among the ASEAN member countries.

Deepening Capital Markets

7. To support the AEC goals of freer capital flows and our vision for an interlinked ASEAN securities market by 2010, our officials have been engaging the private sector to distill the key issues that impede capital markets development in ASEAN. To this end, a Medium Term Strategic Framework has been established that systematically maps out action items to strengthen market linkages, market access and market liquidity.

8. In particular, on establishing market linkages we recognize the usefulness of working with bond information providers to facilitate the widest possible dissemination of ASEAN bond markets data to enhance international investors interests. Further, the ASEAN Exchanges are studying the possible linkages for the trading, clearing and settlement of securities and would recommend the best approaches to adopt. We will also look at how best to achieve a more conducive environment for regional cross border financial flows in ASEAN.

9. We are pleased to note the harmonization initiatives to develop ASEAN and Plus Standards by the ASEAN Capital Markets Forum (ACMF) in facilitating greater efficiency in cross border issuance of equity and debt securities, making it more

attractive for issuers and investors.

10. We agreed to strengthen our dialogue mechanisms with key market participants operating in ASEAN capital markets. This will enable us to keep abreast of capital market developments, and ensure that our markets remain responsive to the needs of issuers, investors and financial intermediaries.

Reinforcing Financial Services Liberalization

11. We have committed to liberalize key financial services sectors by 2015, towards our Leaders' objective of achieving the AEC. Our senior officials will assess the feasibility of further expanding the scope and pace of liberalization. We reiterated our commitment to facilitate intra-regional trade and investment by progressively opening up our financial services sector to one another. In this regard, we are pleased with the conclusion of the Fourth Round of financial services liberalization negotiations under the ASEAN Framework Agreement on Services (AFAS) and have signed the Protocol to Implement the Fourth Package of Financial Services Commitments this afternoon. We agreed to launch the Fifth Round of negotiations which will conclude by 2010. Our officials will continue to facilitate financial services negotiations with our Dialogue Partners.

Capital Account Liberalization

12. Capital Account liberalization is important to promote growth and to support regional economic integration. We therefore reaffirmed our commitments to further liberalize capital account at a pace that will ensure the maximization of the benefits while minimizing its risks.

Cooperation in Customs Matters

13. Recognizing the importance of the streamlining of customs procedures towards the establishment of the AEC, we noted the progress made under the ASEAN Strategic Plan of Customs Development and the establishment of the ASEAN Single Window (ASW). We urged our customs officials to implement their National Single Windows by 2008 for the ASEAN-6 and before 2012 for the ASEAN-4 member countries in accordance with the ASW Agreement signed in 2005.

Enhancing Infrastructure Financing

14. We agree on the importance of facilitating infrastructure financing in the region. To attract international and regional private sector participation in infrastructure development, we are creating a facilitative environment. Our efforts include promoting best practices, enabling legal and regulatory frameworks, building regional private sector capacity and deepening capital markets to enhance hedging and funding opportunities for these projects.

Promoting ASEAN as an Asset Class

15. Following the success of the previous ASEAN Finance Ministers' Investor Seminars, we agreed to organize the Fifth Investor Seminar in Dubai, UAE in October 2008, to further promote ASEAN as an attractive investment destination. [Additionally, to demonstrate ASEAN's cohesiveness, we will actively participate in the implementation of **ASEAN Day** during the ADB Annual Meeting in Bali on May 2009.]

12. We expressed our appreciation to the Government and people of the Socialist Republic of Viet Nam for their excellent arrangements and warm hospitality accorded to all delegates. [The 13th AFMM will be held in Brunei Darussalam tentatively on the first week of April 2009.]

[Climate Change

6. We acknowledged that climate change would greatly affect all countries, in ways that will be detrimental not only to the environment but also to the economy, especially future economic growth. We realized that we have a strategic role to play in addressing climate change through financial sector policies, fiscal policies, and budget and expenditure allocations. Therefore, we would continue the results of the High Level Event on Climate Change in Bali in December 2007 by searching the policies and tools and cooperating with all related parties to help mitigate and adopt the climate change impacts.]