

**Joint Statement of the 3<sup>rd</sup> ASEAN Finance Ministers' and Central Bank Governors'  
Meeting (AFMGM), Cebu, the Philippines, 7 April 2017**

We, the ASEAN Finance Ministers and Central Bank Governors, held the Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors under the co-chairmanship of H.E. Carlos G. Dominguez III, the Secretary of Finance of the Philippines, and H.E. Amando M. Tetangco, Jr., Governor of the Bangko Sentral ng Pilipinas, in Cebu, the Philippines on 7 April 2017, coinciding with the occasion of the 50<sup>th</sup> anniversary of ASEAN, and declared that:

**Economic Update and Policy Challenges**

1. We remain steadfast in pursuing the goals of ASEAN to achieve a highly integrated and cohesive economy; that is competitive, innovative, and dynamic; with enhanced connectivity and sectoral cooperation; that is resilient, inclusive, people-oriented, and people-centred; and connected with the rest of the world. As such, we shall continue to promote economic growth, financial integration, strengthen financial stability, implement appropriate monetary, fiscal and macroprudential policies in our jurisdictions, and intensify financial cooperation to further advance our region's resilience. We recognised that domestic demand will remain a key driver of our regional growth while structural reforms, public spending, and fiscal stimulus will support investments in ASEAN.
2. We are encouraged by the positive regional economic trends including the sustained growth of the ASEAN economy by 4.6 percent in 2016 even as we recognise the risks from rising tendency toward protectionism as well as geopolitical developments, which could derail the recovery of the global economy. We urged international financial institutions to be vigilant as guardians of the open multilateral system. The normalisation of policy rates may also increase volatilities in our economies. Despite this, we remain committed to promoting closer trade and investment ties between our economies. We recognised the need to ensure that the benefits of growth are shared equitably among our people.

**Roadmap for Monetary and Financial Integration of ASEAN (RIA-Fin)**

3. We vowed to deepen regional financial cooperation to achieve the ASEAN Economic Community (AEC) 2025 and reiterated our support for the ASEAN Working Committees to implement the Strategic Action Plans (SAP) for ASEAN Financial Integration 2016-2025. We are pleased with the progress of implementing the RIA-Fin by the ASEAN Senior Level Committee for Financial Integration (SLC) as well as capacity building programmes under the Steering Committee on Capacity Building (SCCB). We strengthened the ASEAN Financial Integration 2016-2025 by endorsing the Key Performance Indicators as evaluation tools to be employed by ASEAN Working Committees and other bodies to ensure effective accomplishment of the visions of ASEAN in the financial sector.

4. We recognised the importance of capital markets and acknowledged the efforts by the ASEAN Capital Markets Forum (ACMF) and the Working Committee on Capital Market Development (WC-CMD) in pursuing the creation of an interconnected, inclusive and resilient regional capital market through targeted capacity building, close collaboration with industry to develop market relevant initiatives, promoting good corporate governance practices, addressing tax issues of the ASEAN Collective Investment Schemes and advancing a new generation of stock exchange connectivity. We also noted the progress of ASEAN Green Bond Initiatives and the effort of ACMF and WC-CMD to ensure that the Green Bond initiatives are developed efficiently by coordinating and working closely with the Asian Development Bank (ADB) and ASEAN+3.
5. We reaffirmed our vision of progressive financial services liberalisation. We noted the progress of the ratification of the Protocols to implement the 6<sup>th</sup> and 7<sup>th</sup> Packages of the ASEAN Framework Agreement on Services, and looked forward to the signing of the 8<sup>th</sup> Protocol at the 4<sup>th</sup> AFMGM in April 2018. We commended the initiatives to facilitate and monitor financial services commitments, and the progress in negotiation in the ASEAN Trade in Services Agreement and various ASEAN+1 Free Trade Agreements.
6. We welcomed the development and integration of the insurance sector in ASEAN, and looked forward to the completion of the Roadmap for the ASEAN Insurance Integration Framework (AIIF). We also looked forward to the substantial liberalisation of catastrophe reinsurance to narrow the protection gap against natural catastrophes and enhance economic resilience. We also looked forward for all ASEAN Member States (AMS) to substantially liberalise international Maritime, Aviation and Transit (MAT) insurance in line with the SAP for ASEAN Financial Integration 2016-2025 while considering the needs, readiness, and diversity across the AMS.
7. We affirmed the critical role of Qualified ASEAN Banks in facilitating intra-ASEAN trade and investment as we signed the agreement between Indonesia and Malaysia and completed the negotiations between Malaysia and the Philippines under the ASEAN Banking Integration Framework.
8. We maintained our targets to achieve freer flow of capital among AMS by gradually removing restrictions, enhancing monitoring and policy dialogue and, developing a capital account liberalisation learning roadmap. We also looked forward to promoting the use of local currency to facilitate intra-ASEAN trade and investment. In this regard, we welcomed the signing of agreements among Indonesia, Malaysia, and Thailand on the settlement of trade in domestic currencies.
9. We acknowledged the significance of ASEAN payment and settlement systems that are safe, cost-efficient and more connected as we continued initiatives on payment system linkages and interoperability, capital market settlement and policy harmonisation and standardisation.

10. We initiated a financial inclusion initiative to deliver financial products and services to a wider community that is under-served. Toward this end, we embarked on initiatives to support a national financial inclusion strategy, capacity building of AMS to enhance a financial inclusion ecosystem, promote innovative digital platforms, and increase financial education and consumer protection.

### **Strengthening ASEAN Finance Cooperation and Economic Integration**

11. Underpinning all these sectoral efforts, we amended the Terms of Reference of SLC and adopted a monitoring and evaluation framework for the effective implementation of the AEC Blueprint 2025. We enhanced regional surveillance through the SLC risk monitoring report to identify and monitor macroeconomic and financial stability risks and vulnerabilities within the purview of Working Committees, as well as any possible implications for our financial integration efforts.
12. Realising the significant role of surveillance, we continued engagement with the ASEAN+3 Macroeconomic Research Office (AMRO) to focus on risks facing the East Asian region. We recognised the significant enhancement in the surveillance work of AMRO since it became an international organisation. We encouraged AMRO to continue strengthening its operational capability to fulfil its mandate of supporting the Chiang Mai Initiative Multilateralisation (CMIM) as an effective and readily-available regional financing arrangement.
13. Recognising the role of infrastructure in ASEAN, we commended the progress of work under the ASEAN Infrastructure Fund (AIF) in narrowing the infrastructure gap in the region. We encouraged the AIF and ACMF to work with the ADB, the World Bank and other partners on credit ratings, bond issuance, project processing and product diversification, while ensuring the financial sustainability of the AIF.
14. We recognised the significant initiatives in the areas of cooperation on customs matters, taxation, insurance and disaster risk financing. We welcomed the progress of Protocol 2 (Designation of Frontier Posts), which promotes trade facilitation in the region by streamlining border procedures through the ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT). We welcomed the progress on the network of ASEAN bilateral tax treaties on the avoidance of double taxation, discussion on Base Erosion and Profit Shifting (BEPS) issues, improving the implementation of Automatic Exchange of Information (AEOI) in accordance with international standards, and enhancement of the withholding tax structure within ASEAN. We also welcomed the endorsement of the SAP 2016 – 2025 for ASEAN Taxation Cooperation.

### **Engaging and Building a Stronger ASEAN**

15. In engaging and building a stronger ASEAN, we appreciated the Philippines' hosting of the 12<sup>th</sup> ASEAN Finance Ministers' Investor Seminar (AFMIS), under the theme of *ASEAN@50: Unleashing Potentials, Fostering Connectivity*, to promote ASEAN as an

attractive investment destination. We will continue to support the AFMIS as an important platform to communicate developments and future prospects of doing business in ASEAN.

16. Finally, we expressed our sincere appreciation to the Philippines for hosting the 3<sup>rd</sup> AFMGM as well as for the excellent arrangements made for the Meetings and the warm hospitality. We welcomed Singapore as Chair and Host in 2018.

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