

**Joint Statement of the 7<sup>th</sup> ASEAN Finance Ministers and  
Central Bank Governors' Meeting (AFMGM)**

Video Conference Meeting, 30 March 2021

1. The 7<sup>th</sup> Joint Meeting of the ASEAN Finance Ministers and Central Bank Governors (AFMGM) was convened under the co-chairmanship of Hon. Dato Dr. Mohd Amin Liew Abdullah, Minister at the Prime Minister's Office and Minister of Finance and Economy II of Brunei Darussalam, and Hajah Rokiah Haji Badar, Managing Director of the Autoriti Monetari Brunei Darussalam. The Meeting was held via video conference due to the lingering effects of the COVID-19 pandemic.

**ASEAN Chair 2021 Priorities**

2. We welcomed Brunei Darussalam's theme of "We Care, We Prepare, We Prosper" for its Chairmanship of ASEAN 2021. We commended the Chair's theme that will focus its Priority Economic Deliverables (PEDs) based on three strategic thrusts of recovery, digitalisation and sustainability, which emphasises on efforts to progress towards ASEAN's economic recovery, as well as long term economic growth, by leveraging digitalisation and in a sustainable manner.

**Special Session with International Financial Institutions**

3. We exchanged views with the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), ASEAN+3 Macroeconomic Research Office (AMRO), the World Bank (WB), and the International Monetary Fund (IMF), on the outlook for regional and global economies, risks, opportunities and policy challenges under the uncertainties caused by the COVID-19 pandemic in an effort to foster stable, sustainable and inclusive growth in the region.

**Economic Update and Policy Challenges**

4. We noted the adverse impact of the COVID-19 pandemic in 2020, which reduced economic activities in ASEAN and impacted people's mobility. While life has yet to fully return to normal after more than a year from the first reported case of COVID-19 in ASEAN, green shoots of recovery are starting to emerge. ASEAN is expected to grow by 5.2% in 2021.
5. We noted the wide range of policy measures that ASEAN Member States (AMS) have deployed to mitigate the broad and severe impact of the COVID-19 pandemic, including swift and sizeable fiscal and monetary policy responses

that have provided crucial support to ASEAN economies and ensured financial stability. We also noted the administration of AMS' stimulus package through electronic means which will help accelerate digital transformation in ASEAN.

6. We were pleased to note the adoption of the ASEAN Comprehensive Recovery Framework (ACRF) which charts the region's response through different stages of recovery. Given the importance of a region-wide response to manage the impact of the COVID-19 pandemic, the adoption of the ACRF was an important step towards realising ASEAN's ultimate objective of enhancing long-term resilience.
7. We continue to closely engage the AMRO to heighten economic monitoring and surveillance on the risks facing the region, amidst the unrelenting adverse effects of the COVID-19 pandemic and the resurgence of new COVID variants.

### **Financial Integration and Liberalisation**

8. We welcomed the completion of the Working Committee on Financial Services Liberalisation's (WC-FSL) workplan on its transition to ASEAN Trade in Services Agreement (ATISA) Non-Conforming Measures (NCMs) with the agreed timelines and the additional two-year extension, as provided in ATISA for the three sub-groups, that includes ASEAN 6; Vietnam; and Cambodia, Lao PDR and Myanmar.
9. We were encouraged by the progress made in financial services liberalisation following the conclusion of the negotiations of the 9<sup>th</sup> Package of Financial Services Commitments under the ASEAN Framework Agreement on Services (AFAS), which will ensure more substantive and meaningful commitments in financial services as the last package before the transition to ATISA. We look forward to the signing of the 9<sup>th</sup> Protocol within the year.
10. We recognised the importance of continued engagement with key regional partners and welcomed the good progress in the discussions related to the upgrade of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area, which aims to ensure a more integrated and comprehensive regional approach towards promotion and consumption of services, thus strengthening the regional economic architecture.
11. We were pleased to note the Working Committee on ASEAN Banking Integration Framework's (WC-ABIF) continuous efforts to establish additional ABIF and supervisory arrangement(s) by 2022 and also welcomed the plan to conduct a study of AMS' financial landscapes in the digital era to facilitate

strategic actions towards intra-regional banking integration and in preparation for the full review of the ABIF Guidelines.

## **Trade and Investment Facilitation**

12. We reaffirmed our commitment to achieve a freer flow of capital by gradually removing restrictions, regular monitoring and conducting policy dialogues on capital accounts, and enhancing capacity building efforts. We commend the Working Committee on Capital Account Liberalisation (WC-CAL) for the good progress in meeting its objectives, including exploring possible enhancements in the CAL Heatmap by considering relevant progress toward sustainable finance. Additionally, we welcomed the completion of the Policy Note on ASEAN Capital Account Safeguard Measures: Recent Experiences, which seeks to articulate ASEAN authorities' thought process in formulating combinations of macroeconomic, financial, and capital flow measures as warranted by the circumstances to support financial stability, and to provide insight and guidance for International Financial Institutions' works on Integrated Policy Framework.
13. We recognised the important strides in cooperation on cross-border tax matters and we welcome the ASEAN Forum on Taxation's (AFT) completion of the excise tax act or regulations compilation for the ASEAN Excise Tax Database, particularly on alcohol products. To further encourage and bolster regional competitiveness, as well as increase the administrative efficiency of cross-border transactions in ASEAN through the Standardised Certificate of Residence (CoR), we took note of the proposal on the development of a Centralised Online Platform to facilitate tax treaty benefit claims among AMS in ASEAN. We also took note the progress on the ASEAN Withholding Tax Study to implement the best practices recommended, particularly on making tax authorities' information and documentation accessible to taxpayers. We look forward to the AFT further discussing and developing an Action Plan on the other recommendations of the ASEAN Withholding Tax Study. We also encouraged the AFT to work towards the completion and improvement of the bilateral tax treaty networks among AMS, under the Strategic Action Plan 2016 – 2025 for ASEAN taxation cooperation.
14. We are pleased with the progress of the customs cooperation, including the (i) launching of the ASEAN Customs Transit System (ACTS) full live operations among Participating Member Countries (PMC) namely, Cambodia, Lao PDR, Malaysia, Singapore, Thailand and Vietnam last November 2020; (ii) implementation of the ASEAN Authorised Economic Operator (AEO) Mutual Recognition Arrangement (AAMRA) among the AEO implementing AMS on a pathfinder basis; (iii) the on-going work by the ASEAN Feasibility Study Group

to study the implementation of Simplified Customs Procedures for Low Value Shipments on a pathfinder basis; and (iv) Enhancing ASEAN's economic integration with Dialogue Partners by exploring potential electronic exchanges of trade related documents.

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

15. Recognising the significance of promoting an enabling environment for regional payment linkages to facilitate trade, business, and financial inclusion, we welcomed the Working Committee on Payment and Settlement Systems' (WC-PSS) efforts in updating the Annex on Use Case(s) of the ASEAN Payment Policy Framework's Implementation Policy Guidelines. The inclusion of live use cases would serve as useful templates for AMS to reference or adapt when implementing future Real-Time Retail Payment System (RT-RPS) cross-border linkages. We also look forward to the launch of the Singapore-Thailand cross-border real time retail payment system (RT-RPS) linkage by the first half of 2021.

### **Infrastructure Financing**

16. We reiterated our commitment to accelerate infrastructure development and financing in ASEAN through mobilisation of innovative financing. To this end, we commend the progress of the ASEAN Catalytic Green Finance (ACGF) Facility of the ASEAN Infrastructure Fund (AIF) as a platform for ASEAN Green Infrastructure by leveraging AIF resources to accelerate green projects and bridge bankability gaps. We are also committed to supporting the mainstreaming of the Green Inclusive Infrastructure Window in contributing to project origination and structuring, financing, knowledge and awareness building, and enhancing partnerships and fund raising for ASEAN infrastructure projects.

17. We also commended the initiative of the Working Committee on Capital Market Development's Infrastructure Finance Working Group (WC-CMD IFWG) to engage the AIF to further support sustainable infrastructure and green recovery in the region. We welcomed the efforts of the WC-CMD IFWG to promote a 'Sustainable Finance First for Sustainable Projects' initiative, and look forward to further collaboration to support sustainable infrastructure financing.

## **Sustainable Finance**

18. We welcomed the initiative that has been jointly launched by the ASEAN Capital Markets Forum (ACMF), the ASEAN Insurance Regulators Meeting (AIRM), the ASEAN Senior Level Committee on Financial Integration (SLC), and the ASEAN Working Committee on Capital Market Development (WC-CMD) to develop an ASEAN Taxonomy for Sustainable Finance (ASEAN Taxonomy). The ASEAN Taxonomy will be the overarching guide for all AMS, complementing their respective national sustainability initiatives and serving as ASEAN's common language for sustainable finance.
19. We endorsed the establishment of the ASEAN Taxonomy Board to develop, maintain and promote a multi-tiered taxonomy that will take into account ASEAN's needs, as well as international aspirations and goals. We believe that such a multi-tiered ASEAN Taxonomy is inclusive and will be beneficial to all AMS, and facilitate an orderly and effective transition towards a sustainable ASEAN. We look forward to the announcement on the progress of the development of the ASEAN Taxonomy by the end of 2021.
20. We also acknowledged the progress of the joint collaboration between WC-CMD and ACMF in promoting sustainable finance, including the Establishment of an Industry Advisory Panel to engage with the private sector. This initiative will support the WC-CMD and ACMF's efforts in building a robust sustainable finance ecosystem for the capital markets. We also encouraged the WC-CMD to implement the recommendations outlined in the Report on Promoting Sustainable Finance in ASEAN, based on appropriateness of the recommendations for AMS and their respective timelines, as well as regional objectives.
21. We welcomed the ACMF's continued efforts to implement the short-to-medium term focus areas under the Roadmap for ASEAN Sustainable Capital Markets and the ACMF's initiative to explore the development of ASEAN sustainability-linked bond standards to facilitate sustainability-linked bond issuances, complementing the current suite of ASEAN standards on sustainable financing.
22. We also recognised the contribution of the AIRM in steering the insurance sector towards sustainable insurance, including by completing the stock-taking of the AIRM members initiatives on sustainability and green activities for the insurance sector, and in exploring a workplan for sustainable insurance.
23. We commended ASEAN central banks' continued commitment and coherent response to sustainable finance development. In this regard, we endorsed the

initiative on ASEAN Sustainable Banking Principles, which will serve as guiding principles to help ASEAN central banks develop further sustainable banking guidelines and tools aligned with each respective country's context. We also welcomed the establishment of the Task Force on Sustainable Finance (TF) under the SLC, which will follow-up on the recommendations from the Report on the Roles of ASEAN Central Banks in Managing Climate and Environment-Related Risks, which was published in November 2020, as well as the ASEAN Sustainable Banking Principles; and coordinate with the relevant ASEAN WCs and other sectoral bodies on cross-cutting issues to advance the priority work agreed by the SLC.

### **Financial Inclusion**

24. We will continue to further promote financial inclusion in ASEAN to support our objective of people-centered economic growth. We are pleased with the progress of the Working Committee on Financial Inclusion (WC-FINC) in supporting national financial inclusion strategies of AMS. Particularly, AMS are currently conducting self-assessments based on the Guidance Note on Developing a Monitoring and Evaluation (M&E) Framework for Financial Inclusion. We have also well noted that the WC-FINC is in the final stages of concluding the Policy Note on Digital Financial Literacy to promote a greater understanding of the concept, coordination, development and implementation of digital financial literacy initiatives in the ASEAN region. We welcomed the publication 'Measuring Progress 2020: Financial Inclusion in Selected ASEAN Countries', a regional report which allows for the ongoing tracking of financial inclusion progress in the ASEAN region.
25. We remain steadfast in our commitment to support further insurance penetration in ASEAN by promoting the use of digital technologies, such as the development of frameworks to create an enabling environment for the insurance industries in ASEAN to adopt and invest in digital technologies to further improve financial inclusion in the region.

### **Disaster Risk Financing**

26. We are pleased with the progress of the Phase 2 of the ASEAN Disaster Risk Financing and Insurance (ADRFI) amidst the COVID-19 pandemic, particularly on the webinar series on Disaster Risk, Financing and Insurance (DRFI) in the Agricultural Insurance organised by the ASEAN Secretariat and GIZ, the finalisation of the template for Economic Loss Data (ELD) and Economic Exposure Data (EED) for Lao PDR, Thailand and Vietnam for Risk Assessment, and the completion of the six AMS country risk summaries. We also welcomed

the creation of the ADRFI-2 Platform to assist the AMS in its disaster risk assessment and advisory.

### **Cyber Resilience**

27. We are pleased with the full operationalisation of the ASEAN Cybersecurity Resilience and Information Sharing Platform (CRISP) with the entry into force for the participating AMS that have signed the Memorandum of Understanding (MOU) for Sharing of Information during Activities of Digital and Technology Network (DTN) on 1 February 2021, which allows information sharing to combat cybersecurity threats and to develop collaborative mitigation actions for ASEAN Central Banks.

### **Dialogue with the Business Councils**

28. We appreciate the exchange of views with the CEOs of Financial Institutions, ASEAN Business Advisory Council, EU-ASEAN Business Council and the US-ASEAN Business Council on current regional issues. We called on our industry partners to support ASEAN's efforts in advancing regional economic recovery towards a sustainable, resilient and inclusive growth.

### **Conclusion**

29. We appreciate the support given by the ASEAN Secretariat to the 7<sup>th</sup> AFMGM and its Related Meetings.

30. We extend our appreciation to Brunei Darussalam for hosting the 7<sup>th</sup> AFMGM and Related Meetings in virtual format given this extraordinary time. We welcome Cambodia as Chair and Host of the 8<sup>th</sup> AFMGM in 2022.