

**Joint Ministerial Statement of the  
18<sup>th</sup> ASEAN Finance Ministers' Meeting (AFMM)  
Nay Pyi Taw, Myanmar, 5 April 2014**

**Theme: Moving Forward in Unity to a Peaceful and Prosperous Community**

**Introduction**

1. We, the ASEAN Finance Ministers, convened our 18<sup>th</sup> Annual Meeting under the chairmanship of H.E. U Win Shein, Minister of Finance, Republic of the Union of Myanmar.
2. We, the ASEAN Finance Ministers, together with the ASEAN Deputy Secretary General, expressed our gratitude to His Excellency U Thein Sein, President of the Republic of the Union of Myanmar for graciously granting us an audience at the President's Office in Nay Pyi Taw.
3. Together with the troika of ASEAN Central Bank Governors of Brunei Darussalam, Myanmar, and Malaysia we maintain our commitment to pursue growth and economic stability in the ASEAN region amid the global economic uncertainties. At the same time, we also maintain our commitment to ensure stability of our financial markets. Our exchange of views with the Asian Development Bank (ADB), World Bank, the International Monetary Fund (IMF) and the ASEAN+3 Macroeconomic Research Office (AMRO) on the risks and policy challenges confirmed our pledge to maintain financial and economic stability.
4. We reaffirmed our commitment to realizing the goals of the ASEAN Economic Community (AEC). We continued our activities in various areas under the Roadmap for Monetary and Financial Integration of ASEAN.
5. We also welcomed the continued efforts to operationalize the Chiang Mai Initiative Multilateralization (CMIM), strengthen the AMRO and carry out the workplan under the Asian Bond Markets Initiative (ABMI). We strongly believe that these initiatives are crucial in maintaining economic stability in the region given remaining uncertainties surrounding the global economy.

**Regional Economic Update and Policy Challenges**

6. We are pleased that the ASEAN economies grew by 5.1 percent last year, with our exports recovering during the second half of the year. Economic outlook remains robust, anchored by rising domestic demand stemming from private consumption and infrastructure investment. We remain vigilant in managing the downside risks, including capital outflows, volatile currency movements, emerging inflationary pressures and tightening financial conditions, which could dampen economic growth.
7. We would like to reaffirm our commitment to implement appropriate monetary, fiscal, and macro/micro-prudential policies that will sustain economic growth and maintain financial market stability. Our macroeconomic policies will continue to address country-specific issues, mindful of their spillover effects across the region. We remain focused on price and financial sector stability supportive of sustainable economic growth. We agreed to further

strengthen domestic demand, pursue structural reforms, encourage private sector investment, and aim for equitable economic development throughout the region. We are also committed to strengthening our cooperation and integration efforts to improve ASEAN's resilience against external shocks.

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

8. We welcomed all efforts to deepen ASEAN financial sector integration. As ASEAN is at the cusp of the 2015 deadline under the ASEAN Economic Community, we encouraged the Working Committees under the Roadmap for Monetary and Financial Integration of ASEAN to intensify their efforts and ensure that financial integration plays a meaningful role in supporting regional economic integration.
9. In particular, we welcomed the updates by the Troika of ASEAN Central Bank Governors of Brunei Darussalam, Myanmar, and Malaysia on the implementation of the ASEAN Financial Integration Framework (AFIF) under the guidance of the Senior Level Committee (SLC) on Financial Integration. We also commended the work of the Task Force on ASEAN Banking Integration Framework (ABIF) and we look forward to the finalization of ABIF by May 2014 and its inclusion as part of the Sixth AFAS Package. We are also pleased with the ongoing work of the ASEAN Working Committee on Payments and Settlements Systems.
10. We acknowledged the importance of capacity building as an important element to achieve integration in the financial sector. In this regard, we are pleased with the work of the ASEAN Central Banks in collaboration with the ASEAN Secretariat, the ADB, the SEACEN Research and Training Centre and the Steering Committee on Capacity Building (SCCB).

### **Capital Market Development**

11. We are pleased with the work of the Working Committee on Capital Market Development (WC-CMD) in building the capacity and laying the long-term infrastructure for the development of ASEAN capital markets. We also commend the progress of initiatives of the ASEAN Capital Market Forum (ACMF) on harmonization and mutual recognition of rules and regulations. We have therefore agreed to continue the efforts to deepen and integrate our capital markets to ensure that the flow of capital is geared towards productive sectors. We took note of the ASEAN Capital Markets Infrastructure (ACMI) blueprint for the establishment of clearing, settlement and depository linkages among the ASEAN capital markets.
12. We welcomed the efforts of the Cross-Committee comprising ACMF, the Working Committee on Capital Account Liberalisation (WC-CAL), WC-CMD and the Working Committee on Payment and Settlement Systems (WC-PSS) in developing the ASEAN Capital Market Infrastructure Blueprint for integrated access, clearing, custody and settlement, in support of the ASEAN Trading Link. We noted that the Cross-Committee and the ASEAN Exchanges will proceed with the formation of a task force to develop an implementation plan for the Blueprint.

13. We took note of the WC-CMD's ongoing initiative to update the Bond Market Development Scorecard which has continued to be a useful tool to monitor the progress of ASEAN's bond market development, openness and liquidity.
14. We welcomed the significant progress made by the ACMF, particularly with the signing of the Memorandum of Understanding to establish the ASEAN Framework for cross-border offering of Collective Investment Schemes (CIS) by the Securities Commission of Malaysia, the Monetary Authority of Singapore and the Securities and Exchange Commission of Thailand. We are pleased that the Framework is targeted to be operationalised by the first half of 2014.
15. We took note of the continued work on corporate governance ranking of ASEAN publicly listed companies as well as the development of a common prospectus framework for cross-border offers of securities. We welcomed the Joint Study on the Assessment of ASEAN Capital Market Development and Integration, and took note of the recommendations arising from the study.

#### Financial Services Liberalization

16. We are pleased that the Sixth Round of negotiations of Financial Services Liberalization under the ASEAN Framework Agreement on Services (AFAS) has been concluded successfully. We will be working toward the signing of the Protocol to Implement the Sixth Package on Financial Services Liberalisation in May 2014. We are going to start the Seventh Round of Negotiations thereafter. We urged our officials to closely work together to ensure progressive liberalisation and integration of our financial markets. We also welcomed a continued work on a review of AFAS financial services rules to improve financial services obligations among countries as part of a broader initiative under ASEAN to enhance the AFAS.
17. We are supportive of the work done by the Working Committee on Financial Services Liberalization (WC-FSL) in deepening insurance sector integration. We took note of the increasing collaboration between the WC-FSL and the ASEAN Insurance Regulators' Meeting and the ASEAN Insurance Training and Research Institute in deliberating initiatives to further support insurance sector development integration. We also welcome the WC-FSL's active participation in integrating ASEAN with the global economy through ASEAN's free trade agreements with dialogue partners.

#### Capital Account Liberalization

18. We recognized the work of the Working Committee on Capital Account Liberalization (WC-CAL) in its efforts to achieve greater capital mobility that is essential in supporting greater investment, trade and business activities in the region, and in promoting greater integration of our markets with the global economies.
19. We are pleased that capital account liberalization initiatives and the developments in the ASEAN member states' (AMS) capital account regimes are being monitored through an agreed monitoring tool and regular updating of the CAL heat maps of the individual member states. We also welcomed the policy dialogue process on safeguard mechanisms for CAL established within the WC-CAL process to keep track of the trends in capital flows

among the ASEAN economies while in the process of capital account liberalization, with an aim to identify possible risks and exchange ideas/experiences in applying safeguard mechanisms to help ensure macroeconomic, financial and monetary stability..

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

### Enhancing Regional Surveillance

20. We are encouraged by the improved progress of the ASEAN Integration Monitoring Office (AIMO), particularly with the development of surveillance reports, monitoring tools, and capacity building programs. We are fully committed to expand the capacity and resources of AIMO, and encourage Member States and external partners to further support AIMO in fulfilling its mandate.
21. We also reaffirmed our support for the AMRO in monitoring macroeconomic and financial developments in the region, particularly in its original mandate to support the CMIM. We welcomed AMRO's participation in providing us updates on the macroeconomic and financial situation in the region. We also look forward to the institutionalization of AMRO as an international organization.

### Infrastructure Financing

22. We welcomed Myanmar's accession to become a full-fledged member of the ASEAN Infrastructure Fund (AIF). We recognized that the AIF is an integral component of ASEAN's efforts to strengthen regional physical connectivity, and narrow the infrastructure development gap in ASEAN. We welcomed AIF's first project in Indonesia last year and look forward to new projects in Indonesia, Lao PDR and Vietnam in 2014. We are pleased that the AIF has reduced the cost of funds, thereby benefiting members. We appreciated the continued support from the ASEAN-World Bank Infrastructure Finance Network (IFN) and endorsed the programs for 2014.

### Cooperation on Customs Matters

23. We are pleased with the progress of activities under customs cooperation, particularly the successful test of the ASEAN Single Window (ASW) Gateway connectivity by seven Member States, and completion of the "scaled-down" version of Component 2 ASW pilot project, to be followed this year by the "full-fledged" pilot project. We encourage our customs officials to fully implement the outstanding initiatives, including the finalization of agreements and protocols, to support the establishment of a single market and production base under the AEC.

### ASEAN Cooperation on Taxation

24. We took note of the progress in ASEAN cooperation on taxation, particularly in addressing double taxation concerns and withholding tax issues. We also welcomed steps taken by the ASEAN Forum on Taxation (AFT) to explore opportunities for increasing regional cooperation in dealing with international tax evasion and to collaborate with external

parties to further enhance regional dialogue among regulators to complete a network of bilateral tax treaties.

#### ASEAN Cooperation in Insurance

25. We welcomed the progress made in the ASEAN cooperation in insurance to improve insurance penetration in the region, developing regulatory frameworks to promote insurance products, and promoting consumer education to increase awareness. In that regard, we also welcome the continuous dialogue that the insurance regulators have had with the WC-FSL in further developing and integrating our insurance sector. We took note that the on-going compliance with the core principles of the International Association of Insurance Supervisors (IAIS) is an important measure to enhance the performance of our insurance sector in supporting the realization of the AEC. We agreed on capacity building initiatives to assist member regulators in aligning their regulations with international best practices.
26. We noted the progress made in the ASEAN Disaster Risk Financing and Insurance (DRFI) initiative. We recognized the importance and welcomed the continuous dialogue among all the ASEAN sectoral bodies involved. We also agreed that capacity building activities are an integral part of this initiative.

#### Financial Inclusion and Literacy

27. We thanked Brunei Darussalam for the initiative on financial literacy to provide a platform for dialogue and exchange of experiences and best practices among ASEAN member countries. We also welcomed Myanmar's initiative to follow up with planned activities to achieve greater financial inclusion for unbanked people of ASEAN this year.

#### Engaging and Building a Stronger ASEAN

28. We welcome the Philippines' hosting of the 10<sup>th</sup> ASEAN Finance Ministers' Investor Seminar (AFMIS), which will be held back-to-back with the 23<sup>rd</sup> World Economic Forum on East Asia, to promote ASEAN as an attractive investment destination. We acknowledge that the staging of the 10<sup>th</sup> AFMIS, during these exhilarating times, is an avenue to intensify effective policy cooperation and coordination in ASEAN especially as the ASEAN Economic Community 2015 draws near.

#### **Acknowledgement**

29. We thanked Myanmar for hosting the 18<sup>th</sup> AFMM this year and welcome Malaysia as Chair and Host in 2015.

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