



Joint Statement of the 28th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting

Milan, Italy, 4 May 2025

I. Introduction

1. The 28th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting (AFMGM+3) took place on 4 May 2025 in Milan, Italy under the co-chairmanship of H.E. Datuk Seri Amir Hamzah Azizan, Minister of Finance II of Malaysia, H.E. Dato' Seri Abdul Rasheed Ghaffour, Governor of Bank Negara Malaysia, H.E. Lan Fo'an, Minister of Finance of the People's Republic of China, and H.E. Pan Gongsheng, Governor of the People's Bank of China. The Director of the ASEAN+3 Macroeconomic Research Office (AMRO), the President of the Asian Development Bank (ADB), the Deputy Secretary-General of ASEAN Secretariat, and the Deputy Managing Director of the International Monetary Fund (IMF) were also present at the meeting.

2. We express our deepest condolences to the people of Myanmar and Thailand for the tragic loss caused by the devastating earthquake on 28 March. Our thoughts are with the affected communities during this difficult time, and we stand in solidarity with them as they recover and rebuild.

3. We exchanged views on the current developments and outlook for the global and regional economies, as well as policy responses to emerging risks and challenges. Recognizing the pivotal role of the ASEAN+3 Finance Process in supporting regional economies to navigate this uncertain environment, we agreed to further strengthen regional financial cooperation, mainly through Chiang Mai Initiative Multilateralisation (CMIM), AMRO, Asian Bond Markets Initiative (ABMI), Disaster Risk Financing Initiative (DRFI), ASEAN+3 Future Initiatives, as well as the priorities introduced this year, which include Promoting Fiscal Exchange, Updating the Strategic Directions, and Exploring Policy Adjustment Instrument (PAI).

II. Regional Economic Development and Outlook

4. We observed robust and resilient economic growth in our region last year. The regional economy grew by 4.3 percent in 2024, following a 4.4 percent expansion in 2023. Regional growth

was mainly driven by resilient domestic spending and external demand, which benefited from the upturn in the electronics cycle and continued tourism recovery. Inflation subsided, with headline inflation returning to pre-pandemic levels for most regional economies. Core inflation has also declined, reflecting the appropriate monetary policy stance and well-anchored inflation expectations. Despite the heightened volatility in the second half of 2024, financial markets remained well-functioning, and the external sector remained resilient, supported by flexible exchange rates and ample international reserves.

5. Underpinned by solid macroeconomic fundamentals, the region is expected to remain resilient at around 4 percent of GDP growth in 2025, amid ongoing external headwinds, including geopolitical and trade tensions. Regional growth continues to benefit from domestic demand, supported by strong investment activity and robust consumption. Over the medium term, ASEAN+3 is expected to remain a key driver of the global economy, contributing to more than 40 percent of global growth. Meanwhile, inflation is expected to remain low at below 2.0 percent in 2025. The region's outlook is, however, subject to heightened uncertainties.

6. Escalating trade protectionism weighs on global trade, leading to economic fragmentation, affecting trade, investment, and capital flows across the region. Near-term prospects may also be affected by other external risks, including tighter global financial conditions, growth slowdown in major trading partners, and reduced investment flows.

7. We call for enhanced regional unity and cooperation as we endeavor to weather the heightened uncertainty. Our current policy priority is to reinforce long-term resilience while maintaining flexibility to address near-term challenges, including rising protectionism and volatile global financial conditions. On the fiscal front, this means rebuilding policy buffers while continuing to provide well-targeted support to sustain growth while implementing structural reforms. We will also carefully recalibrate monetary policy based on domestic conditions. We will maintain exchange rate flexibility as a buffer against external shocks. Importantly, our export markets and sources of growth have become increasingly diversified over the years, with domestic demand and intraregional trade now serving as key drivers of growth.

8. Amid rising uncertainties and long-term structural shifts, we reaffirm our full commitment to multilateralism, and a rules-based, non-discriminatory, free, fair, open, inclusive, equitable, and transparent multilateral trading system, with the World Trade Organization at its core. We will enhance macro-economic policy dialogue, promote regional financial cooperation, and ensure stable and unimpeded industrial and supply chains, with a view to jointly safeguarding regional economic and financial stability. We fully support the robust implementation of the Regional Comprehensive Economic Partnership (RCEP) Agreement.

9. We urge international organizations to uphold multilateralism and promote free trade, analyze and monitor the potential impact of trade tensions on the global economy, and support their members in providing policy advice to manage the negative shocks that may arise. We will promote greater intra-regional trade and investment flows to strengthen the region’s resilience against external shocks, to adjust to pre-existing and new challenges, and to support sustainable and equitable economic development. Given our financial market interlinkages, we are closely monitoring regional financial market conditions. We also reaffirm our resolve and commitment to ensure our financial systems and markets remain resilient despite the uncertainty, while maintaining open communication among members in light of the rapidly evolving developments.

III. Strengthening Regional Financial Cooperation

Fiscal Policy Exchange

10. Recognizing the critical role of fiscal policy in supporting growth and maintaining financial stability, we welcome the ASEAN+3 Fiscal Policy Exchange Initiative in 2025, which serves as a valuable platform for members to exchange views and experiences on fiscal policies and fiscal management practices. We appreciate the first exchange on two fiscal policy topics of members’ common interest, i.e., “promoting growth while maintaining fiscal sustainability” and “addressing population aging”, in the form of a compendium of members’ practice cases and a closed-door exchange among the Finance Ministers. We commend AMRO’s technical support during the process and look forward to its deeper involvement in facilitating fiscal policy exchanges among members. We task the Deputies, with support from AMRO, to assess the outcomes of the Fiscal Policy Exchange and explore the potential for it to serve as a regular discussion platform.

Strategic Directions of the ASEAN+3 Finance Process

11. Recognizing the evolving economic and financial landscape, we agree on the importance of reviewing and updating the “Strategic Directions of ASEAN+3 Finance Process” adopted in 2019 to ensure our Finance Process remains relevant and responsive. This will be achieved by identifying priority areas for future regional financial cooperation and strengthening implementation mechanisms for key initiatives. In this regard, we endorse the “Guiding Document for Updating the Strategic Directions of ASEAN+3 Finance Process” and welcome the establishment of an Experts Panel comprising eight experts from the region to provide inclusive and comprehensive insights, assess challenges and opportunities, and offer policy advice on the Strategic Directions update.

12. We also welcome the progress made since the adoption of the “Strategic Directions of ASEAN+3 Finance Process” in 2019 and commend the significant achievements in fostering regional economic growth, promoting regional integration, and enhancing the effectiveness and efficiency of

the ASEAN+3 Finance Process, as outlined in the “Stock-take Report on the 2019 Strategic Direction for the ASEAN+3 Finance Process”.

13. We reaffirm our commitment to advancing regional financial cooperation under the ASEAN+3 framework. We task the Deputies, with the support of AMRO and relevant institutions, in inclusive and intensive consultation with members, to update the ASEAN+3’s Strategic Directions, incorporating the assessment and advice of the Experts Panel. We will continue to work closely to enhance the resilience and dynamism of our economies, strengthen cooperation, and pursue initiatives that will contribute towards sustainable and inclusive growth in the region. We look forward to the adoption of the updated Strategic Directions at the Deputies’ meeting by the end of this year and subsequently at the AFMGM+3 in May 2026.

Regional Financing Arrangement (RFA) Future Direction: Policy Adjustment Instrument (PAI)

14. We welcome the progress of exploring the PAI as tasked by Ministers and Governors at the AFMGM+3 in Tbilisi in 2024. We endorse the introduction of the Structural Policy Improvement and Review Instrument with Technical Assistance (SPIRIT) as a voluntary and non-binding facility. SPIRIT will commence as a pilot project that initially offers a pre-defined thematic technical assistance program to support structural improvements, based on members’ development strategies and AMRO’s assessment. We commend AMRO’s support in delivering this facility and task AMRO to support its pilot programs. We appreciate the financing support from the China TA fund in AMRO. We look forward to a comprehensive assessment of the effectiveness of SPIRIT in the coming years before members consider whether to mainstream this initiative and possibly enhance it as a financial instrument if agreed to by members.

Chiang Mai Initiative Multilateralisation (CMIM)

15. As we commemorate the 15th anniversary of the original CMIM Agreement established in 2010, we reaffirm our commitment to strengthening the CMIM as an effective regional financial safety net, a vital component of the global financial safety net. In this regard, we approve the amended CMIM Agreement, and are committed to the swift completion of domestic procedures and the signing for its entry into force. This amendment introduces the Rapid Financing Facility (RFF) with the incorporation of eligible freely usable currencies (FUCs) as its currencies of choice under the CMIM and also reflects the outcome of the second CMIM periodic review. We commend the Deputies for their approval of the updated CMIM Operational Guidelines (OGs) to align with the amendments in the CMIM Agreement. We believe that this new CMIM facility will enhance regional resilience by offering members timely access to emergency financing during urgent balance of payments needs, in response to sudden exogenous shocks such as pandemics and natural disasters.

16. We reaffirm our commitment to reforms aimed at enhancing ASEAN+3's regional financial safety net. We commend the Deputies for their continued efforts with the aim of transitioning the CMIM to include a paid-in capital (PIC) structure, which would further complement the global financial safety net. We welcome the establishment of the Technical Working Group for PIC Financing Structure, which will be instrumental in supporting the Task Force as the Task Force works towards the transition. We also recognize the considerable progress and substantial efforts made in the discussions with the IMF on reserves recognition. More importantly, we endorse the "ASEAN+3 Task Force Report on Narrowing Down PIC Models for CMIM", welcome the progress made by Deputies in narrowing down the PIC model options, and agree to focus on the IMF type models going forward based on the agreed assessment criteria of PIC options that best suit the needs of the ASEAN+3 region. In particular, we task Deputies, with AMRO's support, to use the IMF type models as the basis to work on key remaining issues related to the transition to PIC that need to be addressed, including governance and the required capabilities for managing such a structure, reserves recognition, sizing and contribution currencies, in the second half of 2025 and beyond.

17. We acknowledge the progress made in the review of the IMF De-linked Portion (IDL), including Deputies' endorsement of the objective assessment methodology and findings from the IDLP readiness survey, which outlined key areas of improvement needed for further discussion on potentially increasing the IDLP. Based on this, we instruct the Deputies to continue discussions and further refine the methodology to improve its usability in informing future deliberation on potentially increasing the IDLP. We welcome the Deputies' endorsement of the Guiding Principles (GP) that will guide the development of a unified margin structure for local currency (LCY) lending within CMIM and encourage them to develop the new LCY margin structure by the end of 2025, based on the endorsed GP. We take note of the IMF's reduction in its charges and surcharges and instruct the Deputies to study its potential implications for CMIM USD margins, possibly by the end of 2025. We instruct Deputies to initiate a review of the CMIM USD margins by 2026, if needed, based on the study's findings. We also welcome the successful completion of the 15th CMIM Test Run conducted in 2024, which simulated the decision-making process for activating the CMIM Precautionary Line IDLP in the event that a mixture of a local currency and USD is requested. We look forward to the 16th Test Run scheduled later this year, which will test the decision-making process for activating the CMIM RFF IDLP.

ASEAN+3 Macroeconomic Research Office (AMRO)

18. We acknowledge AMRO's continued efforts to strengthen its surveillance capacity and encourage AMRO to maintain its close monitoring of risks and challenges and provide timely policy advice to help members navigate an increasingly uncertain global environment. We recognize AMRO's valuable contributions to our discussions on strengthening our region's financing arrangements and call on AMRO to continue supporting efforts to promote regional resilience. In this

regard, we encourage AMRO to further refine its analytical tools and program design to address emerging risks and ensure that the region remains well-prepared for future challenges.

19. We commend AMRO for its progress in strengthening its organizational capacity to align with the implementation of its Strategic Direction 2030. We look forward to the implementation of AMRO's Medium-term Implementation Plan 2025-2027, TA Strategy 2030, Digital Development Strategy and Communications Strategy, which will enhance its ability to deliver on its mandate. We also take note of the review of the pilot operations of AMRO's Policy and Review Group and welcome its institutionalisation within AMRO. Meanwhile, we commend AMRO's efforts to provide professional and systematic secretariat support to the ASEAN+3 Finance Process to ensure continuity and enhance efficiency. Moving forward, we encourage AMRO to leverage these initiatives to further enhance its institutional effectiveness and deepen its engagement with members. We welcome and appreciate China for the multi-year contribution commitment of China's TA Trust Fund in AMRO this year, and thank Japan and Korea for their continued annual contributions to TA trust funds in AMRO respectively. It demonstrates their strong commitment and support to AMRO's development and regional financial cooperation.

20. Good governance is essential to ensuring AMRO's effectiveness, credibility, and long-term sustainability as an international organization. In this regard, we welcome the upgrade of AMRO's Performance Evaluation Framework 2025-2030 to align with its Strategic Direction 2030, demonstrating its commitment toward a results-oriented organization with greater accountability. We express our heartfelt praise and gratitude to AMRO's outgoing Director, Dr. Li Kouqing for his strong leadership in advancing AMRO's development over the past three years. We welcome the incoming Director, Mr. Yasuto Watanabe and look forward to working with him to further enhance AMRO's role in safeguarding regional macroeconomic and financial stability.

21. We reaffirm our commitment to the Principles for Selection of AMRO's Senior Management endorsed in 2023. We expect continued efforts to strengthen Senior Management governance, including through addressing its growing business needs and improving inclusiveness in its representation, and support AMRO's continued growth and development to ensure it remains a key pillar of the ASEAN+3 Finance Process.

22. We welcome the significant progress achieved and the ongoing activities under the ASEAN+3 Financial Think-tank Network (AFTN) in harnessing the region's intellectual resources to support regional macroeconomic and financial resilience and stability. We also welcome the expansion of the AFTN's membership from 21 to 28 think-tanks, marking a significant step in enhancing its capacity as a platform for regional cooperation and policy dialogue. The seven new members include Cambodia Development Resource Institute, Institute of World Economics and Politics, Chinese Academy of

Social Sciences, Xiamen National Accounting Institute, China, Korea Institute for International Economic Policy, Khazanah Research Institute, Malaysia, Institute of Malaysian and International Studies, Universiti Kebangsaan Malaysia and the Thailand Development Research Institute. We are confident that this broader network will contribute more effectively toward advancing ASEAN+3 macroeconomic and financial resilience and stability.

Asian Bond Markets Initiatives (ABMI)

23. We welcome the progress achieved under the ABMI Medium-Term Road Map 2023-2026. Given the continued uncertainty in the global financial markets, well-functioning local currency bond markets remain the cornerstone of the region’s financial stability. We celebrate the 15th anniversary of the Credit Guarantee and Investment Facility (CGIF). To date, CGIF has successfully realized 100 bonds guaranteed and sukuks issued by 64 companies across 12 economies in 9 currencies with a total cumulative notional guarantee amount of USD 4,151 million. We commend CGIF’s unprecedented business growth during the past three years under the leadership of CEO Wang Hongwei. We welcome the two reports produced by CGIF, i.e. “ASEAN+3 Corporate Bond Market Report” and “CGIF’s Journey of Sustainable Growth”, which systematically review and assess the achievements of its operations since 2010 and the progress of, and prospective policy approach to, ASEAN+3 local currency bond markets.

24. We acknowledge ABMI's ongoing efforts to increase local currency sustainable bond issuances to create the domestic market and to foster the development of a broader sustainable finance ecosystem. This includes the establishment of necessary regulatory frameworks, the engagement of local verifiers and the enhancement of sustainability disclosures practices. We welcome Kazakhstan’s participation in the ASEAN+3 Bond Market Forum as an observer, and look forward to further engagement with non-ASEAN+3 economies to share knowledge and experiences on digitalization of bond markets. We endorse the establishment of the Digital Bond Market Forum under the ABMI and welcome its successful launch. We expect the Forum to function as a collaborative platform for research, knowledge exchange and the development of business models for regional adoption. We express our appreciation to the ADB for its valuable contributions to the ABMI initiative and we look forward to deepening collaboration to further advance regional bond market development.

Disaster Risk Financing Initiative (DRFI)

25. We are pleased with the progress achieved in advancing DRFI, with the support of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) and multilateral partners including World Bank, the ADB, Asian Development Bank Institute (ADBI), and the Global Asia Insurance Partnership (GAIP). In particular, we welcome the progress made since the implementation of DRFI by Lao PDR and the Philippines in collaboration with SEADRIF. Notably, Lao PDR received an immediate flood insurance payout twice – USD1.5 million in 2023 for severe flooding and USD3 million in 2024,

following Typhoon Yagi while the Philippines has initiated the implementation of a workplan focused on the development of parametric insurance for public assets. We also value the capacity building effort undertaken by the Initiative in collaboration with multilateral institutions especially in the areas of agricultural DRF and overall disaster risk resilience. These efforts are critical in enhancing ASEAN+3 members' risk awareness and deepening their understanding of effective risk management and resilience strategies. Finally, we endorse the concept note that sets out the pillars for the 2026-2028 DRFI Roadmap. We task Deputies to design the Roadmap to help strengthen our region's disaster resilience and minimize the impact of catastrophic events on our people. We look forward to the adoption of the Roadmap at the Deputies' meeting by the end of this year, and subsequently at the AFMGM+3 in May 2026.

ASEAN+3 Future Initiatives

26. We welcome the substantial progress made in deepening and broadening the ASEAN+3 financial cooperation, including those made by the Working Groups (WGs). We welcome the continued cooperation under WG1 to promote sustainable finance, particularly private capital, for the region's infrastructure development. This includes efforts to facilitate the development of the region's vision on sustainable finance for sustainable infrastructure and enhance the region's ability to fund transitions to a greener economy, ensuring long-term sustainable growth. We acknowledge the progress of WG4 on work related to financial digitalization including the fintech seminar jointly organized with ADB and the report titled "Digital Financial Crisis and Our Challenges: Preventing and Preparing", which identifies key digital finance-related risks. We welcome the extension of WG4 until 2026 and the direction of its activities which expands the scope of coverage, particularly with a focus on digital financial stability in the region.

IV. Conclusion

27. We express our appreciation to the authorities of Malaysia and the People's Republic of China for their excellent arrangements as the Co-chairs of the ASEAN+3 Finance Ministers' and Central Bank Governors' Process in 2025. We agree to meet in Samarkand, Uzbekistan in 2026, and look forward to working with the Philippines and Japan as the Co-chairs of the ASEAN+3 Finance Ministers' and Central Bank Governors' Process in 2026.