

# **The Tenth Asia-Europe Finance Ministers' Meeting**

**Bangkok, Thailand**

**15 October 2012**

## **Chairman's Statement**

1. The Tenth ASEM Finance Ministers' Meeting (10<sup>th</sup> ASEM FinMM) was held in Bangkok, Thailand, on 15 October 2012. It was attended by the Finance Ministers and representatives from 41 ASEM Member Countries, and the Vice President of the European Commission (EC) and European Commissioner for Economic and Monetary Affairs and the Euro. It was also attended by the Finance Minister of Bangladesh and the Deputy Finance Minister of Norway, the Director of ASEAN+3 Macroeconomic Research Office (AMRO), the President of the Asian Development Bank (ADB), a Member of the Executive Board of the European Central Bank (ECB), the Director of European Financial Stability Facility (EFSF), the Deputy Managing Director of the International Monetary Fund (IMF), and representative from the World Bank (WB) as invited guests.
2. H.E. Kittiratt Na-Ranong, Deputy Prime Minister and Finance Minister of Thailand, welcomed the participants to the ASEM Finance Ministers' Meeting. In his opening remarks, he emphasized the interconnection of ASEM economies and urged ASEM Member Countries to come closer together to overcome this turbulent time, as was done during the 1997 crisis, as well as to mitigate the impact of any future crises. He further called for smoother and freer investment and trade flows between the two regions, particularly direct and portfolio investments, to bring about a robust relationship so that both sides could share and gain from an increasingly globalised world.
3. Ministers had a comprehensive and fruitful discussion on a range of issues of common interest based on the theme ***“Strengthening Dynamic Partnership, Sharing Dynamic Growth”***, underlining the need for Asia and Europe to promote a closer engagement toward stronger and more dynamic partnership in addressing the current global crisis as well as paving the road in creating a stronger, more sustainable and balanced global growth.

**Economic and financial development and prospects for Asia and Europe**

4. Ministers exchanged views on the recent economic and financial developments in Asia and Europe. While noting that global growth has decelerated with substantial remaining uncertainties and downside risks, Ministers expect that the European economy will gradually recover from the current crisis and welcomed the actions taken to address this crisis that will also mitigate its impact on the rest of the world. Ministers supported the full implementation by the European Member States of differentiated growth-friendly fiscal consolidation as well as growth-enhancing policies and structural reform.
5. Ministers welcomed the actions taken by European institutions to safeguard the integrity and stability of the area, reduce internal imbalance, and improve the functioning of financial markets, including the recent inauguration of the European Stability Mechanism.
6. Ministers highlighted the robust performance of Asian emerging economies. In order to effectively bridge the gap between short-term priorities and medium-term goals, and help reduce global imbalances, Ministers stressed the role of emerging economies in the global effort by further strengthening private consumption for those countries with fiscal space and implementing structural reforms in order to boost domestic demand and growth. Ministers further noted that, after the 1997 Asian financial crisis, best practices in risk management have widely been adopted by the banking sector in Asia to avoid excessive exposure and the fiscal stance has also been prudent in most countries.
7. Acknowledging the mutual interdependence of their economies, Ministers expressed their concerns over the risks created by volatile financial and commodity markets that would potentially impact both Asia and Europe. In this regard, Ministers called for relevant international organizations to continue their in-depth analysis of the factors causing any such volatility and suggest possible options to mitigate such an impact.
8. Ministers recognized the importance of maintaining international commodity markets' stability to the global economic recovery. Ministers stressed the importance of well-functioning and transparent commodities markets and reducing excessive price volatility to achieve food and energy security as well as strong, sustainable, and inclusive growth.

### **Role of regional financial arrangements in Asia and Europe in ensuring financial stability**

9. Ministers thoroughly discussed the recent development of major regional crisis management arrangements in Asia and Europe, namely the Chiang Mai Initiative Multilateralisation (CMIM), and the European Stability Mechanism (ESM) and its precursor, the European Financial Stability Facility (EFSF). The CMIM, which aims at addressing balance of payment and short-term liquidity difficulties in the region, is a key achievement of the closer economic and financial cooperation of ASEAN+3 countries. The EFSF, which was incorporated on 7 June 2010 as a temporary facility to provide stability support to euro area Member States, was succeeded on 8 October 2012 by a permanent mechanism, the European Stability Mechanism (ESM). The EFSF has already played an important role in safeguarding the stability of the euro area as a whole. Although regional financial arrangements in Asia and Europe have many different features, Ministers were of the common view that having such permanent arrangements in place is useful to efficiently deal with future emergence of regional financial stability crises, and recognized the importance of making it inclusive to relevant economies in the two respective regions.
10. Ministers welcomed the decision of ASEAN+3 Finance Ministers and Central Bank Governors Meeting, held in Manila, the Philippines, on 3 May 2012, to strengthen the CMIM by doubling its total size, increasing the IMF de-linked portion, and introducing the crisis prevention function. Ministers also noted that ASEAN+3 has agreed to further enhance regional surveillance function by institutionalizing ASEAN+3 Macroeconomic Research Office (AMRO) as an international organisation, which would eventually contribute to better monitoring and analysis of regional economies, early detection of risks, and a more effective decision-making of the CMIM.
11. Ministers acknowledged the necessity of further strengthening inter-regional financial cooperation between Asia and Europe. Financial sector supervision, exchange of experiences on regional financial arrangements and roles of multilateral surveillance were deemed as key remedies towards facilitating this cooperation. Ministers called for relevant international organisations to conduct studies on lessons learnt from economic integration in both regions.
12. Ministers noted that the strengthening of regional financing arrangements plays an important part in crisis prevention and resolution along with the role of the IMF. Ministers welcomed

efforts taken by the IMF to further strengthen the global financial safety net through greater cooperation between the IMF and regional financial arrangements. Ministers also welcomed the international commitments in increasing resources available to the IMF by 461 billion US dollars and look forward to the evenhanded and effective implementation of the IMF's strengthened surveillance framework. Ministers reaffirmed the importance of completing the 2010 quota and governance reform of the IMF, and called on the remaining IMF members to take the necessary steps to do so.

13. Ministers also supported the resolve of the G20 at the Los Cabos Leaders' Summit in June 2012 to promote growth and jobs and the commitment to act together to strengthen recovery and address financial market tensions. Ministers recognized the greater importance of multilateralism in the current climate and committed to support the work done and the initiatives taken by the G20, which had contributed to strengthening the stability and integrity of the international monetary and financial system, and help prevent future crises.

#### **Asia and Europe partnership for enhancing inter-regional investment and trade**

14. To further strengthen Asia and Europe partnership, Ministers reaffirmed their commitment to enhance inter-regional investment and trade flows through the market economy, open multilateral trading systems, non-discriminatory liberalisation and open regionalism. Ministers also encouraged the continuing efforts to ensure a successful conclusion of the World Trade Organization (WTO) Doha round and committed to resisting protectionism in all forms, including new export restrictions and WTO-inconsistent measures.
15. Recognising the untapped potentials in investment and trade between two regions, Ministers explored ways to strengthen trans-Eurasian ties and decided to further facilitate such inter-regional links by improving related financial environment. Ministers encouraged the European and Asian businesses and private sector, including the small and medium sized enterprises, to advance their cooperation with each other in order to broaden investment and trade flows between both regions. Ministers also saw the important role of identifying and removing prevailing obstacles at government level and to further promote two-way investment and trade.
16. Ministers recognized that infrastructure investment can be a long-run engine of growth, reduce poverty and development gap, increase global trade and growth prospects, and

contribute to the rebalancing of global economy. Ministers reiterated strong and continued support to the implementation of Public-Private-Partnerships (PPP) in infrastructure projects and noted that an improved environment for PPP financing could help boost the pace of development in both regions. Ministers supported the need for a closer cooperation among ASEM members to encourage the adoption of this effective financing arrangement in both regions.

### **Cooperative partnership between Asia and Europe**

17. Ministers took note of the progress made under the ASEM Customs Directors General/Commissioners Meeting and its future works, particularly the priority areas, which include Trade Facilitation and Supply Chain Security, Combating Infringement on Intellectual Property Rights (IPR), Protecting Society and Environment, and Involving Business.
  
18. Ministers noted that, during 2012-2013, the ASEM Working Group on Customs Matters (AWC) will focus on the activities that will further assist the development of those priority areas, including revising Trade Facilitation Action Plan on Customs Matters to cover 2014-2016 , proceeding with new ASEM Joint Customs Operation , preparing a summary document on the routing and distribution of counterfeiting goods, overview of good practices on forms of cooperation with private sector, examining the role Customs can play and identifying good practice in support of sustainable forest management, continuing to engage with business sector by developing Dialogue with Traders, and following up on implementation of Authorized Economic Operator recommendation.

### **Other matters and future meetings**

19. The Eleventh ASEM Finance Ministers' Meeting will be held under the Chairmanship of Italy in 2014. Ministers asked their Deputies to work out the agenda of the next meeting. The conclusion of this meeting will constitute the Finance Ministers' inputs to the Ninth ASEM Summit, which will be held during 5-6 November 2012 in Vientiane, Lao PDR.
  
  20. Ministers expressed their gratitude to the Government of Thailand, through the Ministry of Finance, for the excellent arrangement for this Tenth ASEM FinMM and thanked the people of Bangkok for their warm and kind hospitality.
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