

# First ASEAN Finance Ministers Meeting

Phuket, Thailand, 1 March 1997

## JOINT PRESS COMMUNIQUÉ

1. The ASEAN Finance Ministers met in Phuket to further ASEAN cooperation in the area of finance. In line with the decision made by the ASEAN Heads of Governments in Bangkok on 15 December 1995 that "ASEAN shall move towards greater economic integration by building on existing economic cooperation activities, initiating new areas of cooperation, and promoting closer cooperation in international fora", the ASEAN Finance Ministers expressed the importance of concrete and pragmatic cooperation in the area of finance as a part of the building block to realise ASEAN's goal of greater economic integration.
2. The Ministers noted that while the growth of international trade has moderated, the economic performance of the ASEAN region remained continuing favourable [*sic*] in 1996. The Ministers expressed their optimism regarding the continuing favourable outlook for the region in 1997 given the expectation of improving exports, supportive international environment, healthy levels of FDI flows and strong domestic demand.
3. The Ministers reaffirmed their commitment to pursue sound macroeconomic policy for sustaining rapid growth with low inflation and for reducing the external current account deficit.
4. The Ministers also agreed on the importance of having regular consultations on macroeconomic and financial matters to better follow changes in the global economy and to exchange views on sound policies in response to the challenges and opportunities brought about by these changes. In this regard, the Ministers agreed that an experts group be established. The deliberation of the experts group will form a basis for the annual publication of the ASEAN macroeconomic outlook.
5. The Ministers had a useful exchange of views with the Managing Director of the International Monetary Fund, Mr. Michel Camdessus, on global and regional economic developments, and avenues for enhancing financial cooperation. The Ministers and the Managing Director were in agreement that the economic fundamentals for the ASEAN's continued sustainable growth remain strong.
6. The Ministers signed the Ministerial Understanding on ASEAN Cooperation in Finance which provides a framework to enhance cooperation within their existing institutional arrangement in several areas of finance which include banking and finance; financial and capital markets; customs matters; insurance matters; taxation and human resource development in the area of finance.
7. The Ministers also signed the ASEAN Agreement on Customs. The Agreement further enhances ASEAN cooperation in customs activities. The Customs Agreement is an important achievement and will help expedite the early realisation of AFTA as it contains provisions that would facilitate greater intra-regional trade and investment flow. The Agreement further enhances joint efforts in anti-smuggling

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and customs control activities, mutual technical assistance, customs modernisation, and upgrade customs skills to meet present and future challenges.

8. The Ministers recognised the value of consultations among ASEAN Member Countries on issues of interest to ASEAN which are being discussed at various international finance fora. The Ministers agreed to work together to promote ASEAN interests in these fora.

9. The Ministers also recognised the importance of further strengthening the supervisory and regulatory framework in the banking sector. The promotion of sound and efficient practices among ASEAN banks shall be accorded priority so as to meet the challenges brought about by globalisation of the financial markets.

10. The Ministers reaffirmed their commitment to further liberalise their financial services sector as part of the deregulation and liberalisation process in their respective economies. The Ministers noted that the WTO negotiations on financial services will resume in April 1997. The Ministers reiterated their commitment to the efforts in the WTO towards further liberalisation in this sector. However, the Ministers called upon their trading partners to be realistic in their expectations bearing in mind the multilaterally agreed principle of progressive liberalisation.

11. The Ministers noted that ASEAN Swap Arrangement (ASA) is due to expire in August 1997 and agreed that it should be reviewed as the global financial environment has changed dramatically since its establishment in 1977.

12. The Ministers recognised the need to enhance the international attractiveness of ASEAN capital markets and agreed to work together to jointly promote the regional capital market.

13. The Ministers also recognised the need to further enhance ASEAN cooperation in insurance. In this regard, the Ministers encouraged ASEAN insurance regulators to establish an appropriate forum for the purpose of initiating and undertaking various cooperation programmes and activities. At the same time, the Ministers also emphasized the importance of cooperation between the ASEAN insurance regulators and private sector operators, and encourage greater cooperation among ASEAN insurance operators in the areas of human resources development, information technology as well as the extension of existing concept of ASEAN reinsurance. In this connection, the Ministers welcomed Malaysia's offer to establish a special fund to provide financial assistance to ASEAN participants who wish to pursue training programmes in the Malaysian Insurance Institute.

14. The Ministers acknowledged the importance of establishing competitive and simple tax systems to provide an investment friendly environment, in support of the Fifth ASEAN Summit's agreement to establish the ASEAN Investment Area. To this end, the Ministers agreed that ASEAN member states shall make more publicly available information on tax matters, such as through the Internet.

15. The Ministers look forward to the ASEM Finance Ministers Meeting in September 1997 in Thailand which will discuss, among others, the single European currency and the creation of the European Monetary Union and their implications on the global and Asian financial markets.

16. The Ministers emphasized the importance of closer consultations with the private sector, given its important role in the development of the financial sector in the region. The Ministers directed their senior officials to initiate a mechanism to this effect.

17. The Meeting was attended by H.E. Pehin Dato Ahmad Wally Skinner, Deputy Minister of Finance, Brunei Darussalam; H.E. Mr. Mar'ie Muhammad, Minister of Finance, Indonesia; H.E. Dato' Seri Anwar Ibrahim, Deputy Prime Minister and Minister of Finance, Malaysia; H.E. Roberto F. de Ocampo, Secretary of Finance, Philippines; H.E. Dr. Richard Hu Tsu Tau, Minister for Finance of Singapore; H.E. Dr. Amnuay Viravan, Deputy Prime Minister and Minister of Finance, Thailand; H.E. Dr. Nguyen Sinh Hung, Minister of Finance, Vietnam; H.E. Dato' Ajit Singh, Secretary-General of ASEAN; and their respective delegations.