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**TRILATERAL FINANCE MINISTERS
AND CENTRAL BANK GOVERNORS' MEETING**

RESULTS OF THE 23RD TRILATERAL FINANCE MINISTERS AND CENTRAL BANK GOVERNORS' MEETING (MAY 2)

1. Overview

On May 2 (Tue.), 2023 in Songdo Incheon, Deputy Prime Minister and Minister of Economy and Finance Kyungho CHOO hosted the 23rd Trilateral Finance Ministers and Central Bank Governors' Meeting (Presidency: Korea). The 23rd trilateral meeting was held in person for the first time in four years since 2019.

2. Key Topics Discussed

<Economic and financial market developments >

The three countries projected continued growth for their economies due to the recovery from the pandemic and each country's policy support for economic growth despite supply chain disruptions, rising prices, and other unfavorable conditions surrounding the region expected this year.

The three countries noted that the economic relations among China, Japan, and Korea had slowed, particularly in terms of trade in goods and services, despite the close economic relations among the three countries. Under the circumstances, Deputy Prime Minister Choo explained that strengthening trilateral cooperation on economic growth and people's livelihoods in areas such as tourism, human resources, and cultural exchange would promote economic recovery at a period of transition to China's reopening with the end of the COVID-19 pandemic.

< Strengthening financial cooperation among ASEAN+3 member countries>

The three countries welcomed the discussion on the financing structures and new facilities of Regional Financing Arrangements (RFAs) to strengthen the financial safety net in the region. They agreed that the discussion should be based on a review of other examples of global and regional financial safety nets and aimed at enhancing the effectiveness of the existing regional financial safety net Chiang Mai Initiative Multilateralisation (CMIM).

Deputy Prime Minister Choo emphasized the importance of improving the regional financial safety net to ensure its effectiveness in times of need, noting that it would be vital to review financing structures including paid-in capital to this end. Deputy Prime Minister Choo suggested that China, Japan, and Korea play leading roles in the discussion on how to strengthen the regional financial safety net, saying that Korea would remain actively engaged with other parties on the structural improvement of the CMIM.

Regarding the ASEAN+3 Macroeconomic Research Office (AMRO), the three countries agreed to continuously support the organizational capacity of AMRO by implementing its Strategic Direction 2030 (SD2030), which was established in December last year.

In this regard, Deputy Prime Minister Choo highlighted the need for the three countries to provide targeted support to strengthen AMRO's core functions such as conducting macroeconomic surveillance, supporting the CMIM operation, and providing technical assistance (TA) for member states.

Joint Message of the 23rd Trilateral Finance Ministers and Central Bank Governors' Meeting

Incheon Korea, 2 May 2023

1. We, Finance Ministers and Central Bank Governors of China, Japan, and Korea, held the 23rd Trilateral Meeting in Incheon, Korea, under the chairmanship of H.E. Choo Kyungho, Deputy Prime Minister and Minister of Finance of Korea. We welcome that the meeting was held in-person for the first time in about four years since May 2019.

2. We exchanged views on recent macroeconomic and financial market developments, as well as policy efforts to support economic recovery. The economies of three countries grew by 2.6% in 2022, according to ASEAN+3 Macroeconomic Research Office (AMRO), despite the prolonged COVID-19 pandemic and corresponding measures. In 2023, though conditions surrounding the region, such as continuing supply chain disruptions and inflation pressures aggravated by current Russia-Ukraine conflict which escalated into a crisis, are not favorable, the three countries are expected to grow by 4.5% in 2023 due to the recovery from the pandemic and each country's policy support for economic growth.

3. Despite the close economic relationships among China, Japan, and Korea, we have observed a recent slowdown in economic relations, particularly in terms of trade in goods and services. We acknowledge that trilateral cooperation among our countries is crucial in ensuring a rapid and sustainable economic recovery from the unprecedented impacts of the pandemic. In this context, we recognize the importance of strengthening our economic and trade relations to secure post-pandemic growth, minimize any lasting negative effects, and preparing for future shocks. We also fully support the implementation of Regional Comprehensive Economic Partnership (RCEP) Agreement. Furthermore, we acknowledge the significance of our 23-year-long trilateral meeting, which has continued despite the recent challenges posed by the pandemic and has greatly helped to strengthen our financial cooperation. With the resumption of the in-person meeting this year, we will continue working together to further strengthen our regional and trilateral financial cooperation through various channels, including high-level such as Ministers and Governors and Deputies, and the working-level consultation bodies.

4. We welcome the discussion on new facilities as well as more robust and reliable financing structures with a view to further strengthening Regional Financing Arrangement (RFA). We agree the discussion needs to be progressed on the base of exploration of other examples of global and regional financial safety nets and in a way that enhance the effectiveness of the Chiang Mai Initiative Multilateralisation (CMIM).

5. We welcome the updated CMIM Operational Guidelines (OG) to enable a member to provide CMIM liquidity support in its own domestic currency and other members' currencies under the voluntary and demand-driven principle. We also commend the efforts undertaken to review the CMIM margin structure and the success of the 13th test run. We are confident that the 14th test run will

MINISTRY OF ECONOMY AND FINANCE

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further enhance the operational readiness of the CMIM.

6. We welcome AMRO's Strategic Direction 2030 (SD2030) to enhance its organizational capacity by strengthening its core functions, which are conducting macroeconomic surveillance, supporting the CMIM operation, and providing technical assistance (TA), and by adopting new initiatives such as establishing AMRO's role as a Regional Knowledge Hub (RKH), and providing secretariat support to the ASEAN+3 Financial Cooperation. We agree to provide continued support for the implementation of SD 2030 and the development of AMRO. We also welcome the discussion to strengthen AMRO's senior management governance including the guiding principles.

7. We welcome the successful implementation of the Asian Bond Markets Initiative (ABMI)'s Medium-Term Road Map 2019-2022, and support a new Mid-Term Road Map 2023-2026. We commend the Credit Guarantee and Investment Facility (CGIF)'s effort to expand and innovate the issuance of local currency bonds.

8. We welcome the substantial progress made in deepening and broadening ASEAN+3 financial cooperation, including those made by the Working Groups (WGs) on ASEAN+3 Future Initiatives. We welcome the progress in developing the ASEAN+3 Macro-structural Framework and instruments made by the WG2 led by China. We acknowledge the importance of Disaster Risk Financing (DRF) discussed under the WG3 led by Japan, and support DRF initiative as a regular initiative of ASEAN+3 Finance Process. We commend the work on improving regional policy coordination on Fintech, discussed under the WG4 led by Korea, and look forward to providing technical assistance of the Open Banking System to ASEAN countries as one of the areas of the regional cooperation. We encourage the WGs to make further progress.

9. In addition, we also commend tangible results from two new initiatives, Financial Digitalization led by Japan and transition finance led by China. We support the report "Opportunities and Challenges of Financial Digitalization: A New Perspective on ASEAN+3 Regional Financial Cooperation", and the Survey Report on ASEAN+3 Transition Finance Initiatives and the high-level general principles on transition finance. Lastly, we look forward to the initiation of the study on four new topics, including the local currency (LCY) transactions in cross-border payments, corporate debt-at-risk, household debt, and sustainable finance in the region.

10. We appreciate Japan and Indonesia's leadership as the Co-chairs of ASEAN+3 Finance Ministers and Central Bank Governors' Meeting in 2023. In addition, we agree to support Republic of Korea and Lao People's Democratic Republic to Co-chair the 27th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting next year.

11. China, Japan and Korea will actively take part in and facilitate the ASEAN+3 Finance

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Process by further enhancing cooperation and communication with each other as well as ASEAN countries. We believe that the Trilateral Finance Ministers and Central Bank Governors' Meeting will continue to serve as an effective platform for trilateral financial cooperation, and we decided to meet again in Tbilisi, Georgia in 2024.