

Joint Message of the 24th Trilateral Finance Ministers and Central Bank Governors' Meeting

Tbilisi, Georgia, 3 May 2024

1. We, Finance Ministers and Central Bank Governors of China, Japan, and Korea, held the 24th Trilateral Meeting in Tbilisi, Georgia, under the chairmanship of H.E. Suzuki Shunichi, Minister of Finance of Japan.

2. We exchanged views on current developments and the outlook for the global and regional economies, and policy responses to risks and challenges, as well as the progress of the ASEAN+3 financial cooperation. The regional growth strengthened in 2023, driven by robust domestic demand. The region is expected to grow at a faster pace in 2024, supported by domestic demand, the recovering investment and export, and firm consumer spending. Risks could affect ASEAN+3 prospects in the near term, including geopolitical tensions, a spike in global commodity prices and transportation costs, and a slowdown in the growth of major trading partners, as well as heightened foreign exchange market volatility driven by negative spillovers from external factors; in the medium to long term, these risks could include climate change and aging population. Against this background, we remain committed to rebuilding policy space lost during the pandemic and strengthening fiscal sustainability, while providing targeted support for the economy. We reaffirm our strong commitment to the open, free, fair, inclusive, equitable, transparent, and non-discriminatory rules-based multilateral trading system with the World Trade Organization (WTO) at its core, and fully support the implementation of the Regional Comprehensive Economic Partnership (RCEP) Agreement. China, Japan and Korea will demonstrate our leadership in the ASEAN+3 Finance Process by further enhancing our cooperation and communication with each other as well as with ASEAN countries in the ASEAN+3 Finance Process to work towards robust recovery and sustainable growth in our region.

3. Reform of the ASEAN+3 RFA, including the CMIM, represents crucial efforts to reinforce the regional financial safety net. In this regard, we support the establishment of the Rapid Financing Facility (RFF) with the incorporation of

eligible freely usable currencies (FUCs) as its currencies of choice, as a new facility under the Chiang Mai Initiative Multilateralization (CMIM) and its modalities. We are confident that the establishment of this new facility under the CMIM will significantly bolster the regional resilience of ASEAN+3. We also agree on the benefits of a paid-in capital structure which would enhance the effectiveness of the regional financial safety net while recognizing the costs and challenges, including the need for clarity on (a) foreign reserve recognition and (b) governance and the required capabilities for managing such structure. We also discussed various financing structure options, together with their objectives, with the aim of transitioning the CMIM to include a new paid-in capital structure, which would further complement the Global Financial Safety Net, based on the study on possible new financing structures.

4. We also agree to further implement the RFA roadmap, including exploring new facilities such as Policy Adjustment Instrument to improve the function of RFA.

5. We welcome the adoption of the new CMIM margin structure, which would improve CMIM's accessibility as an effective financing option for members in times of need. We acknowledge the progress in discussions on the review of the CMIM US dollar (USD) reference rate and local currency (LCY) margin structure, which will continue to align CMIM interest rates with global financial market conventions. We are pleased with the progress made on the 2nd Periodic Review of the CMIM Agreement. Additionally, we welcome the successful completion of the 14th Test Run and look forward to the 15th Test Run. We acknowledge the progress made on the opening of LCY accounts.

6. We commend AMRO's effort in implementing its Strategic Direction 2030 (SD2030), which provides guidance for its strategic planning, operations, and management. As our regional financial cooperation continues to expand, it is important to have stronger and more dedicated support in both administrative and policy fronts to ensure systematic and professional support for promoting the interests and voice of the ASEAN+3 Finance Process. We value and look forward to AMRO's intellectual and operational support to strengthening the CMIM and the RFA future direction, especially the establishment of the RFF, and studying on the paid-in capital structure. We look forward to the arrival of the newly established Deputy Director (Functional Surveillance and Research) in July 2024, as well as the review of the handover schedule of AMRO's senior management.

Furthermore, we reaffirm our appreciation of AMRO's efforts to continuously strengthen its surveillance capacity and research work, especially the launch of its second flagship report, the ASEAN+3 Financial Stability Report.

7. We welcome the progress made under the Asian Bond Markets Initiative (ABMI) Medium-Term Road Map 2023-2026. We also acknowledge the ABMI's contribution to the issuance of sustainable bonds to create the local market as well as the development of a sustainable finance ecosystem. We convey our appreciation of ADB for its contributions to date and look forward to further enhancing the development of the ABMI's initiative.

8. We welcome the establishment of the ASEAN+3 Disaster Risk Financing (DRF) Initiative Secretariat and confirm the agreement to review it in two years. We also welcome Mr. Yoshihiro Kawai as the Secretary General of the ASEAN+3 DRF Initiative secretariat. We also welcome the update of the Action Plan of the ASEAN+3 Disaster Risk Financing Initiative.

9. We welcome the substantial progress made in deepening and broadening the ASEAN+3 financial cooperation, including those made by the Working Groups (WGs). We acknowledge AMRO's report "IMF Policy Coordination Instrument and implication for the ASEAN+3 RFA toolkit", which serves as a good reference for members to discuss and develop the ASEAN+3 Policy Adjustment Instrument going forward. We welcome the "Regional Fintech Regulatory Framework", and the activities and future detailed work plans of the Open Banking System, initiated to enhance financial inclusion through the spread of fintech in the region. We encourage the WGs to make further progress.

10. We appreciate the Republic of Korea and Lao People's Democratic Republic's leadership as the Co-chairs of ASEAN+3 Finance Ministers and Central Bank Governors' Meeting in 2024. In addition, we agree to support China and Malaysia to chair the 28th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting next year.

11. We believe that the Trilateral Finance Ministers and Central Bank Governors' Meeting will continue to serve as an effective platform for enhanced policy dialogue and coordination, and we decided to meet again in Milan, Italy in 2025.