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**KOREA-CHINA-JAPAN FINANCE AND CENTRAL BANK DEPUTIES' MEETING**  
**ASEAN+3 FINANCE AND CENTRAL BANK DEPUTIES' MEETING**

## **ASEAN+3 DISCUSS REGIONAL ECONOMIC ISSUES AND FINANCIAL COOPERATION PLANS**

The Korea-China-Japan Finance and Central Bank Deputies' Meeting and the ASEAN+3 (Korea, China, and Japan) Finance and Central Bank Deputies' Meeting<sup>1</sup> (AFCDM+3) were held virtually in separate settings on December 20. At the AFCDM+3, the participants reviewed the current regional economic situation and policy directions and discussed the progress on agendas regarding ASEAN+3 financial cooperation and the implementation plans.

As a representative of the Ministry of Economy and Finance (MOEF), Seongwook KIM, Deputy Minister for International Affairs, discussed major agendas with the participants, expressing Korea's views on them.

The followings are the major results of the meetings.

### *Current Regional Economic Situation and Policy Directions*

The AMRO slightly lowered its growth forecast for the ASEAN+3 to 3.5 percent (from 4.7 percent) in 2022 and 4.4 percent (from 4.6 percent) in 2023 as it recognized that the regional economic uncertainty still lingers due to a sharp increase in energy prices, delayed economic recovery in China and concerns about economic downturn in the U.S.

The IMF assessed that although the ASEAN+3 saw an economic recovery in 2022, its economy has not fully recovered yet due to prolonged inflation and debt vulnerabilities in emerging economies. The IMF recommended that while responding to inflation through tightening monetary policies considering country-specificity, the countries in the region should make policy efforts to reduce fiscal deficits and achieve mid-term fiscal soundness along with the provision of temporary and targeted fiscal support.

In his remarks, Deputy Minister KIM agreed with the organizations' recognition of the regional economy facing more challenging situations in the next year due to heightened uncertainty at home and abroad. He also noted that to minimize these risks and develop the fundamentals of the regional economy, maintaining close policy coordination among member countries is imperative.

- It is important to discuss and share awareness of regional economic trends, prospects and risk factors between ASEAN+3 members and international organizations such as the AMRO. In addition, members should closely communicate with one another about their own economic

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<sup>1</sup> The meeting was joined by finance and central bank deputies from 10 ASEAN countries and Korea, China and Japan, and key officials from the ASEAN+3 Macroeconomic Research Office (AMRO), the International Monetary Fund (IMF) and the Asian Development Bank (ADB).

and financial market trends and risk management as well as response directions so that prompt collaboration can be achieved if necessary

- Member countries should operate a flexible and targeted macroeconomic policy mix that selectively supports the vulnerable in a bid to improve their fiscal soundness while normalizing monetary policy
- Member countries must respond in a timely manner to mid- to long-term challenges such as climate change and digitalization. To that end, it is needed to devise cooperative measures to narrow the information and capacity gap as well as joint responses to the challenges through discussions among members

### *Agendas regarding ASEAN+3 Financial Cooperation*

At the meeting, the participants discussed the AMRO Strategic Directions (SD) 2030 and approved the Holistic Review of the AMRO's staff compensation and benefits package.

They also reached an agreement on revising an article for Chiang Mai Initiative Multilateralization (CMIM)<sup>2</sup> liquidity support by enabling a member to provide a local currency of another member (third-party local currency) and discussed ways to adjust the CMIM margin.

Moreover, they shared future plans and exchanged their views on the ASEAN+3 Future Initiatives and the Asia Bond Market Initiative (ABMI).

The next meetings of the Korea-China-Japan Finance Ministers Meeting and the ASEAN+3 Finance Ministers and Central Bank Governors will be held in Incheon, Korea in May 2023 in line with the 56th Annual Meeting of the Board of Governors of the ADB.

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<sup>2</sup> The CMIM is a multilateral currency swap arrangement for liquidity support among ASEAN+3 members. The size of the facility amounts to 240 billion dollars and Korea will contribute 38.4 billion dollars to the facility if necessary.