

The Twelfth ASEM Finance Ministers' Meeting
Ulaanbaatar, Mongolia, 10 June 2016
Communiqué

1. The Twelfth ASEM Finance Ministers' Meeting (ASEM FinMM12) was held in Ulaanbaatar, Mongolia on 10th of June, 2016. It was attended by the Finance Ministers and representatives from 43 ASEM Member Countries and by the Vice-President of the European Commission (EC). Besides, the representatives of the International Monetary Fund (IMF), the World Bank (WB), the European Central Bank (ECB), the Single Resolution Board (SRB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the European Stability Mechanism (ESM), the Organization for Economic Co-operation and Development (OECD), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), ASEAN+3 Macroeconomic Research Office (AMRO) and United Nations Economic and Social Commission for Asia and Pacific (UNESCAP) also attended the meeting as special invitees.

2. H.E. Mr. Bolor Bayarbaatar, Minister of Finance of Mongolia, welcomed the participants to the Twelfth ASEM Finance Ministers' Meeting. In his opening remarks, he underlined the importance of the inter-regional cooperation between the ASEM economies in the backdrop of modest global growth amid high risks. Furthermore, he urged the ASEM partners to put in concerted efforts and play a more proactive role in order to support a balanced and sustained economic expansion and reinvigorate potential growth. The Minister also highlighted the importance of promoting cooperation on increasing the investment in the regional infrastructure to maximize the economic, social and environmental gains resulting from increased connectivity.

3. The Prime Minister of Mongolia H.E. Mr. Saikhanbileg Chimed, made a keynote address. In his statement, Prime Minister stressed the importance of the Twelfth ASEM Finance Ministers' Meeting for strengthening Asia-Europe connectivity and making the ASEM process more relevant for the people of the two regions.

4. Ministers conducted a comprehensive and fruitful discussion on a range of issues of common interests based on the theme "Partnership for Prosperous Connectivity Between Asia and Europe" underlining the need for Asia and Europe to foster cooperation through an enhanced partnership with the ultimate goal of securing stronger, more sustainable and balanced global growth and promoting shared prosperity.

Macroeconomic Developments and Prospects in Asia and Europe

5. Ministers exchanged views on macroeconomic developments and prospects in their respective regions as well as on the appropriate Asian and European policy

responses to address macroeconomic risks and vulnerabilities and to raise economic growth, stand ready to use all policy tools – monetary, fiscal and structural – individually and collectively, as necessary, to foster confidence and strengthen growth.

6. Ministers noted that the global recovery continues. However growth remains modest and uneven across regions and countries. Overall growth in emerging markets and developing economies continued to slow (albeit still a major contributor to global growth), while a modest recovery continues in the advanced economies. The outlook continues to remain diverse across countries. The European economy is expected to continue to grow at a moderate pace amid low inflation and high global risks. Growing at around 5 ¼ percent, Asia is still the world's most dynamic region. Ministers acknowledged the need to remain vigilant and to effectively manage downside risks.

7. Ministers agreed that important factors to influence the near-term prospect of Asia and Europe include a gradual normalization of monetary policy in the United States; lower prices for energy resources and other commodities; and the gradual slowdown and rebalancing of emerging market economies. They also held the view that the existing geopolitical tensions, as well as a rise in terrorism and challenges in managing increasing migrant and refugee flows could have significant spillovers on global economic growth.

8. Ministers welcomed the measures taken by Asian and European countries over the last few years to safeguard the economic stability of their respective regions, address macroeconomic imbalances and improve the functioning and resilience of financial markets. Ministers recognized that sound economic policies and strategies will enhance the resilience of the global financial system in the longer term and support market confidence and improve the functioning of the global financial markets.

9. Ministers acknowledged the interconnectedness of their economies and the need to monitor the volatility of financial and commodity markets. Ministers agreed on the need to enhance the adaptability of their economies and foster international policy coordination in order to support strong, sustainable and balanced economic growth and manage the risks associated with excessively volatile capital flows. Ministers further recognized the importance of implementing mutually reinforcing structural reforms and macroeconomic policies to support job creation, productivity and growth.

10. Ministers welcomed the focus on structural reforms and increasing investment including in infrastructure in terms of both quantity and quality, which can contribute to raising productivity and the employment rate; ensuring stronger participation of youth and women in the economy; enhancing trade and promoting competition.

11. Ministers agreed to work together towards the timely and full implementation of the 2030 Agenda for Sustainable Development adopted by the United Nations and the Paris Agreement on Climate Change and underlined their role in fostering long-term

sustainable growth.

Ensuring Financial Stability at Regional and Global Level

12. Ministers discussed the issues pertaining to ensuring financial stability at regional and global level. They stressed the value of an adequate and effective global financial safety net (GFSN) with the IMF at its center. They emphasized the important role of regional financing arrangements (RFAs) in Asia and Europe, namely the Chiang Mai Initiative Multilateralisation (CMIM) and the European Stability Mechanism (ESM) in preserving financial stability in their respective areas. Ministers also noted that the BRICS' Contingent Reserve Arrangement may contribute to the strengthening of global safety nets and complement existing international monetary and financial arrangements. Ministers expressed support for continued dialogues among RFAs, and for strengthening the cooperation between the IMF and RFAs, as well as between the existing and recently established multilateral development banks and institutions.

13. Ministers welcomed the entry into force of the 2010 IMF Quota and Governance reforms and expressed support for the timetable to complete the IMF's 15th General Review of Quotas. Any realignment under this Review is expected to result in increases in the quota shares of dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole. Ministers also looked forward to the outcomes of the World Bank Group's shareholding review in accordance with the agreed roadmap and timeframe.

14. Ministers acknowledged the need for further strengthening financial cooperation between Asia and Europe through timely and consistent implementation of internationally-agreed standards for regulation, financial sector supervision and promoting exchange of data and information between supervisors, with a view to prevent regulatory arbitrage and avoid related distortions and fragmentation. They also stressed the need for continuing to monitor and assess reform implementation and effects.

15. Ministers re-affirmed their resolve to combat decisively all sources, instruments and channels of terrorist financing, acknowledging the decisive role played by Financial Action Task Force (FATF) in this work, and in this context called on ASEM partners to promote further their cooperation as agreed at relevant international fora.

16. Ministers reaffirmed their strong resolve to fight tax fraud, aggressive tax planning and evasion, money-laundering, cyber fraud, corruption and other illicit financial acts and to improve the transparency of beneficial ownership of legal persons and legal arrangements and to implement the corresponding FATF standards. To this end, Ministers supported the implementation of commitments taken by the participants in relevant fora, such as the G20, OECD, FATF and the Global Forum on Transparency and Exchange of Information for Tax Purposes, in particular on Base Erosion and Profit

Shifting (BEPS), as well as Automatic Exchange of Information (AEOI) under the Common Reporting Standard (CRS) for tax purposes, and on the prevention of the misuse of all legal persons and legal arrangements, for illicit purposes. Defensive measures, when appropriate, may be considered by ASEM members against non-cooperative jurisdictions if progress as assessed by the Global Forum is not made. The Ministers look forward to the Global Forum report on transparency and information exchange for tax purposes before the end of the year.

Connectivity between Asia and Europe

17. Noting that economic cooperation between Asia and Europe continues to be a major driver for global and regional growth, Ministers acknowledged the importance of strengthening trade and investment relations between their regions, including infrastructure projects to enhance regional connectivity. To this end, Ministers welcomed the initiatives underway, including the World Bank's Global Infrastructure Facility (GIF), Asian Development Bank's Asia Pacific Project Preparation Facility (AP3F) and the Global Infrastructure Hub (GIH). Ministers also welcome the establishment of the Asian Infrastructure Investment Bank (AIIB).

18. Ministers reiterated their commitment to increased connectivity between their regions through promoting inter-regional investment and trade flows, rules-based multilateral trading system and liberalization of trade in goods and services. Ministers expressed their concerns over protectionism in all its forms, including measures that may be consistent with World Trade Organization (WTO) agreements but have a significant protectionist effect. Ministers called for further efforts to implement all the decisions and agreements taken in Bali and Nairobi, and welcomed the commitment of WTO members to advance negotiations on the remaining Doha issues. Ministers welcomed efforts by WTO members to explore issues of common interest and importance to the global economy such as e-commerce and digital economy.

19. Recognizing the untapped potential in investment and trade between the two regions, Ministers acknowledged the important role of the Asian and European businesses and the private sector, including small and medium-sized enterprises, in contributing to sustainable and inclusive economic growth while consolidating existing partnerships and addressing a new path of economic cooperation.

20. Ministers recognized that high quality investment in both human capital and infrastructure can contribute to inclusive and sustainable growth and job creation, reduction of poverty and narrowing development gaps and increasing trade. To this end, Ministers reiterated support to the implementation of Public-Private-Partnership (PPP) projects mindful of responsible management of public resources and when appropriate and noted that an enhanced PPP market, an improved financing environment, and exchange of experiences could help boost the pace of development in both regions. Ministers also emphasized the need to improve the economic environment conducive to

business investment.

Other Matters and Future Meetings

21. Ministers expressed their appreciation to the host country for the excellent organization of the meeting and warm hospitality accorded to all participants during their stay in Mongolia.

22. The Thirteenth ASEM Finance Ministers' Meeting will be hosted by Bulgaria in 2018. Ministers asked their Deputies to work out the agenda of the next meeting. The conclusions of this meeting will constitute the Finance Ministers' inputs to the Eleventh ASEM Summit, which will be held on 15th-16th July 2016 in Ulaanbaatar, Mongolia.