

1997 MINISTERIAL UNDERSTANDING ON ASEAN COOPERATION IN FINANCE

Signed in Phuket, Thailand on 1 March 1997

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The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore, the Kingdom of Thailand and the Socialist Republic of Vietnam, (hereinafter referred to as "Member States")

DESIRING to develop and promote cooperation in the areas of finance for the benefit of Member States;

NOTING that the Framework Agreement on Enhancing ASEAN Economic Cooperation calls for Member States to further enhance cooperation in the field of capital markets, encourage and facilitate the free movement of capital and other financial resources in order to enhance trade and investment; and

RECOGNISING that international financial and macroeconomic policies and developments can have significant effect on the region's economies,

DO HEREBY AGREE THAT:

ARTICLE 1 OBJECTIVES

1. Member States shall promote mutual understanding of each other's economic situation and policies so as to provide better cooperation in the area of economics and finance.
2. Member States shall strengthen their efforts in addressing the economic challenges facing them with a view to promoting stable and sustainable economic growth in each Member State and in the region.

ARTICLE 2 EXCHANGE OF INFORMATION

Member States agree to exchange information, ideas and perspectives on developments affecting ASEAN in the area of finance in various multilateral and regional organisations with a view to contributing more effectively to the broader global economic dialogue.

ARTICLE 3 SCOPE OF COOPERATION

Member States shall work, within their existing institutional arrangement, towards achieving greater cooperation and facilitation in the area of finance, in a broad sense. In this regard, cooperation and facilitation efforts, programmes and activities shall include, though not necessarily limited to, the following:

- a. Banking and Finance;

- b. Financial and Capital Markets;
- c. Customs Matters;
- d. Insurance Matters;
- e. Taxation and Public Finance;
- f. Any other area of finance as may be agreed upon by the ASEAN Finance Ministers.

ARTICLE 4 ACTIVITIES

Pursuant to the areas referred to in Article 3, Member States shall carry out the following:

- a. exchange views on macroeconomic policies that will contribute to a sustainable growth in individual Member States and the overall regional economic growth;
- b. improve transparency of policies, regulations and rules affecting the finance area in each respective Member State;
- c. encourage regular meetings among policy makers and regulators in order to explore ways to further promote ASEAN as an efficient and attractive financial and investment region;
- d. promote public-private sector linkages in the area of finance in order to encourage greater private sector contribution to the region's growth;
- e. develop ASEAN's human resource in the area of finance; and
- f. pursue other activities that may be imperative for bringing about a more efficient development and greater cooperation in the area of finance among the Member States.

ARTICLE 5 DECISION RULES

- 1. Member States agree that all decisions regarding cooperation and facilitation initiated under this Ministerial Understanding shall be on the basis of consensus.
- 2. Member States agree that flexibility would be accorded in the implementation of programmes and projects, where two or more countries ready to go ahead shall be allowed to do so, while other Member States which have agreed but are not yet ready to implement the programmes and projects may do so as soon as practicable.

ARTICLE 6 FREQUENCY OF MEETINGS AND CHAIRMANSHIP

- 1. The ASEAN Finance Ministers shall meet regularly, formally and/or informally, following the pattern of the ASEAN Summits, to discuss issues of common interest and to provide policy directions on strengthening cooperation and facilitation in the area of finance.

2. The ASEAN Finance Ministers Meeting (AFMM) shall be chaired by the host country on a rotational basis and in alphabetical order.

ARTICLE 7

ASEAN SENIOR FINANCE OFFICIALS MEETING AND MEETINGS OF OTHER FUNCTIONAL AREAS OF FINANCE

1. The AFMM shall be assisted by the ASEAN Senior Finance Officials Meeting (ASFOM).
2. Member States shall designate their respective Finance Officials, relevant authorities, bodies and organisations to discuss and propose areas for cooperation and facilitation as specified under this Ministerial Understanding and to implement directives of the AFMM.

ARTICLE 8

ACCESSION OF NEW MEMBERS

New Members of ASEAN shall accede to this Ministerial Understanding by depositing the instrument of accession with the Secretary-General of ASEAN.

ARTICLE 9

ROLE OF THE ASEAN SECRETARIAT

The ASEAN Secretariat shall assist AFMM, ASFOM and other ASEAN finance and banking bodies in carrying out their respective functions.

ARTICLE 10

AMENDMENT OF THE MINISTERIAL UNDERSTANDING

This Ministerial Understanding may be revised or modified by mutual consent among the Member States.

This Ministerial Understanding shall be deposited with the Secretary-General of ASEAN who shall promptly furnish a certified copy thereof to each Member States.

This Ministerial Understanding shall enter into force on the date of signature.

Done at Phuket, Thailand this 1st day of March 1997, in single copy in the English language.

For the Government of Brunei Darussalam, **PEHIN DATO AHMAD WALLY SKINNER**, Deputy Minister of Finance

For the Government of the Republic of Indonesia, **MARIE MUHAMMAD**, Minister of Finance

For the Government of Malaysia, **DATO' SERI ANWAR BIN IBRAHIN**, Deputy Prime Minister and Minister of Finance

For the Government of the Republic of Singapore, **RICHARD HU TSU TAU**, Minister for Finance

For the Government of the Kingdom of Thailand, **AMNUAY VIRAVAN**, Deputy Prime Minister and Minister of Finance

For the Government of the Socialist Republic of Vietnam, **NGUYEN SINH HUNG**, Minister of Finance