



The SEACEN Centre

Press Communiqué released for 47th SEACEN Governors' Conference and 31st Meeting of SEACEN Board of Governors, 14-15 Feb 2012, Seoul, Korea

Date : 17.02.2012

47th SEACEN Governors' Conference, High-Level Seminar and
31st Meeting of the SEACEN Board of Governors
13-14 February 2012
Seoul, Korea
Press Communiqué

1. The 47th Conference of the Governors of The South East Asian Central Banks (SEACEN), High-Level Seminar and 31st Meeting of the SEACEN Board of Governors were held on 13-14 February 2012 in Seoul, Korea. Participating in the Conference, High-Level Seminar and Meeting were Governors and representatives of the eighteen SEACEN central banks and monetary authorities¹. The Governor of the Bank of Korea, Dr. Choongsoo Kim, officiated the opening ceremony and chaired the Conference and Meeting.
2. The keynote speakers at the Conference, under the theme of "Monetary Policy, Sovereign Debt and Financial Stability", were Mr. Pier Carlo Padoan, Deputy Secretary-General and Chief Economist of the OECD, and Mr. Stephen P. Groff, Vice-President of the Asian Development Bank. The other speakers included Mr. Der Jiun Chia, Executive Director of the International Monetary Fund, and Dr. Jun Il Kim, Chief Economist of the Bank of Korea. The speakers for the High-Level Seminar on "Coping with the External Vulnerability of Asian Developing Economies" were Dr. Charles M. Engel, Professor of the University of Wisconsin, and Mr. Hervé Hannoun, Deputy General Manager of the Bank for International Settlements.
3. In his opening address, Bank of Korea Governor Kim stressed that the most important lesson from the Global Financial Crisis is of the strong linkage between the real and the financial sectors, which has to be reflected in a new international financial architecture and monetary policy framework. He noted that financial imbalances are better handled using micro- and macro-prudential instruments, such as capital and liquidity requirements, and that the central bank needs to play a role in the macro-prudential oversight of systemic risk in close coordination with the supervisory authority. He commended SEACEN for promoting regional

financial market development and stability, and at the same time cautioned that policies within the Asian region and in individual member economies should be in line with the reforms underway of the international financial architecture.

4. In the discussions on monetary policy, sovereign debt and financial stability, Governors agreed on the importance of structural reforms for boosting growth and strengthening financial sector resilience. It was however noted that an important focus of the structural reforms is on job creation. In addition, greater attention was being accorded to excessive leverage by the private sector, since private sector debt could be just as destabilizing as sovereign debt in terms of the broader financial stability issue. Governors highlighted the need for taking appropriate measures to address the risks that would undermine market confidence and growth.

5. In pursuing price and financial stability, Governors shared the view that reinforcement of the monetary policy framework by macro-prudential and structural reform policies was crucial. In this regard, they also discussed the recent efforts to enhance financial stability and the governance structures in their respective economies. It was agreed that there is no one-size-fits-all prescription for the governance structures related to macro-prudential policies, and that they should be tailored to individual economies' circumstances.

6. Governors highlighted the challenges posed by external factors such as capital flows on monetary policy, and discussed when and how central banks address their consequences including the formation of asset bubbles. While Governors agreed that capital controls can be a useful tool in a limited context, such policy measures need to be employed cautiously through coordination among economies in the region. Governors also noted the need for central banks to monitor asset prices, and the potential use of macro-prudential policies and supervisory oversight to address asset price bubbles.

7. Governors recognized that, during times of high vulnerability, central banks still need to put their ultimate focus on maintaining long-term price stability and on reducing financial imbalances. They also noted the need for transparency and effective communication as well as timely coordination between monetary and other policies in boosting growth and maintaining financial stability. Governors also stressed the need to strike a balance between coordinating with other economic agencies and avoiding the risk of diluting the central bank's independence.

8. Furthermore, Governors stressed the need for regional cooperation and collaboration to prevent regulatory arbitrage and cross-border spillovers. They also noted the importance of maintaining regional financial stability, further developing the regional financial markets and encouraging the use of local currencies in regional trade and investment. Governors also agreed to encourage prudent fiscal policies and

to continue working together to promote regional and global financial safety nets.

9. In the discussions on regional and international financial issues, Governors presented their views on how central banks in the region deal with various common challenges facing the region, as well as on issues surrounding the Euro Zone crisis. Specifically, Governors discussed the key downside risks in the global economy and their potential adverse effects on the regional economies. The focus should be on building capabilities and resilience to be better positioned to deal with these developments. This will also be reinforced by collaborative efforts by central banks in the region.

10. At the 31st Meeting of the SEACEN Board of Governors, Governors welcomed Bank of the Lao PDR as the 18th SEACEN member. Governors also reviewed the strategic role of the SEACEN Centre in building central banking capabilities and networking through its comprehensive learning and applied research programs.

11. Governors accepted with thanks the offer of The Bank of Mongolia to host the 48th Conference of the SEACEN Governors and 32nd Meeting of the SEACEN Board of Governors in 2012.

12. Governors expressed their appreciation to the Bank of Korea for the excellent arrangements and warm hospitality in hosting this year's SEACEN Governors' Conference, High-Level Seminar and SEACEN Board of Governors' Meeting.

¹ The SEACEN members include Autoriti Monetari Brunei Darussalam, National Bank of Cambodia, People's Bank of China, Reserve Bank of Fiji, Bank Indonesia, The Bank of Korea, Bank of the Lao PDR, Bank Negara Malaysia, The Bank of Mongolia, Central Bank of Myanmar, Nepal Rastra Bank, Bank of Papua New Guinea, Bangko Sentral ng Pilipinas, Monetary Authority of Singapore, Central Bank of Sri Lanka, Central Bank, Chinese Taipei, Bank of Thailand and State Bank of Vietnam.