

**32<sup>nd</sup> Meeting of the SEACEN Board of Governors,  
48<sup>th</sup> SEACEN Governors' Conference and High-Level Seminar**

**22 – 24 November 2012  
Ulaanbaatar, Mongolia  
Press Communiqué**

The 32<sup>nd</sup> Meeting of the Board of Governors of The South East Asian Central Banks (SEACEN) Research and Training Centre, the 48<sup>th</sup> Governors' Conference and the High-Level Seminar were held from 22-24 November 2012 in Ulaanbaatar, Mongolia. Delegates from SEACEN member central banks, monetary authorities<sup>1</sup> and strategic partners participated in the event. The Theme of the Conference was “*Financial Contagion and Volatile Capital Flow*”.

His Excellency Altankhuyag Norov, Prime Minister of Mongolia officiated at the opening ceremony and delivered the Keynote Address. The speakers included Mr. G.Borkhuu, Economist of Bank of Mongolia, Mr. Gerard Almekinders, Mission Chief, Asia-Pacific Department of the International Monetary Fund, Dr. Jaime Caruana, General Manager and Dr. Eli Remolona, Chief Representative for Asia and the Pacific, both from the Bank for International Settlements. Mr. Zoljargal Naidansuren, Governor of Bank of Mongolia chaired the Meeting while Mr. B.Javkhlan, First Deputy Governor of Bank of Mongolia chaired the Conference. The High-Level Seminar was chaired by Mr. Ajith Nivard Cabraal, Governor of Central Bank of Sri Lanka and Dr. Prasarn Trairatvorakul, Governor of Bank of Thailand.

In his welcome address Governor Zoljargal Naidansuren of Bank of Mongolia commended SEACEN for promoting regional financial market development and stability. He welcomed the opportunity to share experiences and strengthen collaboration among central banks and monetary authorities. Dr. Choongsoo Kim, Governor of Bank of Korea in his Response Address recognised that financial integration can bring benefits by boosting economic growth, stability and resilience of the economies. He also emphasised that more than ever before information sharing and policy coordination are important.

In his Keynote Address, His Excellency Prime Minister Altankhuyag Norov stressed that due to increased financial integration, in this globalised environment it is easier for developing economies to get sizeable funding from the international financial markets. However, in many cases in Asia, the economic structures, institutional capabilities and macroeconomic policy environments have yet to be developed to the extent that they can optimise the use of large capital inflows. Therefore, economies must implement appropriate policies to effectively manage surges in capital inflows.

Governors noted that Asia is very closely linked to the rest of the world through trade and financial channels. While the decline in external demand following the continued weakness in most advanced economies has an adverse effect on economic growth, the Asian economy has remained resilient due to strong economic fundamentals. Given this

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<sup>1</sup>The 18 SEACEN members comprise the Autoriti Monetari Brunei Darussalam; National Bank of Cambodia; The People's Bank of China; Reserve Bank of Fiji; Bank Indonesia; The Bank of Korea; Bank of 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.

situation, there is room for discretionary policies to maintain growth and minimise risk. Governors, however, recognised that Asia needs to rebalance demand toward domestic consumption and investment as well as strive to expand intra-regional trade to ensure sustainable growth.

Governors recognised the interconnectedness among economies whereby the global crisis has affected the Asian economies through both the trade and financial channels. Given this scenario, the role of central bank has expanded to explicitly include the promotion of financial stability. Central banks must therefore take into account macro-prudential measures in framing monetary policies to ensure sustainable growth. Governors also stressed the need for prompt action in implementing policies, particularly in times of crisis.

Governors reiterated the need for regional liquidity arrangements tailored to a particular region. Efforts must also be taken to bring the level of regional financial integration up to par with real sector integration. On a broader scale, Governors emphasised the need to establish a multi-layered global financial safety net and to reform the global financial system to reduce the frequency and the intensity of crises.

Governors noted that as a result of quantitative easing in developed economies, policy strategies must be compatible with the emerging domestic and international environment and such policies should be well coordinated and appropriately sequenced through multilateral collaboration. Governors also recognised the need to implement a stronger regional financial architecture in Asia to deal with future contagions by fostering the learning and understanding of regional and global issues.

Governors stressed that SEACEN as an organisation with its mission in building capacity and fostering networking and collaboration in central banking can play a key role in building regional views.

The BOG approved the new membership criteria by circular prior to the 32<sup>nd</sup> BOG Meeting. At this 32<sup>nd</sup> SEACEN BOG Meeting, Governors welcomed Reserve Bank of India as the 19<sup>th</sup> SEACEN member with effect from January 1, 2013.

Governors accepted with thanks the offer of Nepal Rastra Bank to host the 33<sup>rd</sup> SEACEN Board of Governors' Meeting and 49<sup>th</sup> SEACEN Governors' Conference in 2013.

Governors expressed their appreciation to Bank of Mongolia for the excellent arrangements and warm hospitality in hosting the 32<sup>nd</sup> SEACEN Board of Governors' Meeting, 48<sup>th</sup> SEACEN Governors' Conference and High-Level Seminar.