

OPENING REMARKS BY MR HENG SWEE KEAT, MINISTER FOR FINANCE, AT THE 22ND ASEAN FINANCE MINISTERS' MEETING, AT SHANGRI-LA HOTEL, 6 APRIL 2018, FRIDAY, 9.30AM

Excellencies,

Distinguished delegates,

Good morning and once again, a very warm welcome to Singapore and the 22nd ASEAN Finance Ministers' Meeting (AFMM).

Introduction

2. The ASEAN Finance Ministers had a good discussion yesterday, at both our closed-door Retreat and at the World Bank-Singapore Infrastructure Finance Summit. We discussed ways to promote infrastructure financing and close the natural catastrophe protection gap in the region.

3. For today's meetings, let me also welcome our friends from our ASEAN Secretariat, and international organisations – the Asian Development Bank, the Asian Infrastructure Investment Bank for the first time, the ASEAN+3 Macroeconomic Research Office (or AMRO), the International Monetary Fund, and the World Bank Group. Already, ASEAN collaborates closely with these organisations, and we appreciate your views on how ASEAN can work together to grow our economies and improve the lives of our people. The presence of our international

organisations and regional organisations is also a testimony to the importance that they place on ASEAN; and a shared aspiration to see the ASEAN Economic Community succeed.

4. Earlier this morning, the ASEAN Finance Ministers and Central Bank Governors met with the EU-ASEAN Business Council to discuss areas where ASEAN and EU businesses can work closely together. Later today, we will also be meeting the US-ASEAN Business Council for a similar dialogue. We welcome these exchanges with the private sector. We are committed to collaborating with industry to ensure that our economies remain relevant and we continue to create good jobs for our peoples.

Growth in ASEAN

5. This year, ASEAN Finance Ministers meet at a time of optimism for the regional economies.

- a. By IMF's estimates, collectively, ASEAN grew at an impressive 5.1% in 2017 and is expected to outstrip most other regions in 2018¹.

6. However, we should not take this positive outlook for granted. We are only too aware of the headwinds that lie ahead - including rising protectionism and trade tensions, technological disruption, and demographic trends. If not managed well, these forces can dramatically

¹ IMF World Economic Outlook Database (October 2017).

affect our growth trajectories. But, working together, we can rise to meet these challenges.

Singapore's ASEAN Chairmanship

7. In this regard, allow me to share the key areas that the Finance track will focus on during our ASEAN Chairmanship.

a. Guided by our overarching theme of a “Resilient and Innovative ASEAN”, the Finance Track will focus on:

- Sustaining Growth,
- Boosting Resilience, and
- Fostering Innovation.

b. They also build on the key themes from Philippines' chairmanship last year.

8. Let me elaborate.

Sustaining Growth

9. Starting with “Sustaining Growth”, ASEAN has built stronger fundamentals and achieved robust growth over the past few years. The challenge is in sustaining this growth.

10. Infrastructure development is a key priority. ASEAN is urbanising rapidly, and infrastructure development can strengthen regional connectivity, enhance the region's growth potential and ultimately, improve lives. However, the gap between needs and the ability of governments to finance them is large. The ADB estimates that, for the 15-

year period from 2016 to 2030, ASEAN's infrastructure investment needs will total US\$2.8 trillion (or US\$184 billion per annum).² We will need to work to better mobilise private capital.

In fact, neither government alone or private sector alone can meet all the needs. But I think working together, we can make some progress.

- a. To do this, we hope to better match demand for infrastructure with the supply of funds.
- b. Yesterday, at the World Bank-Singapore Infrastructure Finance Summit, the Ministers participated in a Roundtable with investors on how to unlock greater private capital in regional infrastructure projects. We discussed the need to increase visibility, improve bankability and enhance availability of project data to attract greater participation by institutional investors.
- c. Singapore will continue to do our part to support ASEAN's infrastructure development. Later in the year, we will be convening the Asian-Singapore Infrastructure Roundtable to facilitate project discussions amongst project owners and investors.
- d. We have also set up an Infrastructure Office, named "*Infrastructure Asia*", to explore a multi-year capacity-building programme for regional government officials. It will also facilitate discussions of potential projects amongst asset

² Report on "Meeting Asia's Infrastructure Needs", ADB (Feb 2017).

owners, financiers, multilaterals and governments throughout Asia.

11. Sustainable or green finance is another area that is seeing growing interest globally

- a. We will build on the ASEAN Green Bond Standards launched last year by the ASEAN Capital Markets Forum (ACMF) to encourage more green bond issuances, as well as other modes of sustainable finance, within ASEAN.

12. We will also seek to enhance financial integration by promoting greater trade and investment flows through Customs and tax cooperation, as well as by providing better support for enterprise financing.

Boosting Resilience

13. The second theme is on “Boosting Resilience”, to safeguard ASEAN’s continued growth and prosperity.

14. One area is disaster resilience. ASEAN remains highly exposed to natural disasters. Yet, disaster financing in the region has not kept pace with economic growth, resulting in a widening protection gap. Studies have shown that insurance penetration in our region lags behind that in other parts of the world.

- a. We need to support initiatives that enhance ASEAN’s ability to cope with and recover from such shocks.

- b. This includes improving the availability of data to facilitate ex ante risk management and not just ex-post mitigation.
- c. We will also look to strengthen capacity building in disaster risk financing and risk transfer policies within ASEAN, especially for those with less developed capital markets.

15. Given the rapid digitalisation of our economy and financial sectors, we also need to pay greater attention to cyber resilience. There is room for ASEAN regulators to enhance collaboration, share intelligence, and exchange best practices.

16. At the systemic level, improving financial stability has been mainstay of ASEAN since the Asian Financial Crisis. We will continue to focus on strengthening existing institutions and initiatives, including the Chiang Mai Initiative Multilateralisation (CMIM) and the ASEAN+3 Macroeconomic Research Office.

Foster Innovation

17. Lastly, “Fostering Innovation”. In particular, we will support digital innovations like FinTech. For example, the underlying Distributed Ledger Technology presents us with many opportunities for cheap and secure transactions. This can promote financial inclusion for underserved and underbanked segments in ASEAN.

18. We also see regional fast payments linkages as a useful addition to ASEAN integration. Singapore and Thailand are currently piloting such a scheme. We will be happy to share our experience with other ASEAN

members who are ready and keen, to eventually build a network of payment linkages within ASEAN. Such regional connectivity will further support intra-ASEAN trade and investment.

Conclusion

19. So there is a lot of work to be done in the days ahead. But I have every confidence that if we work together, we can make the ASEAN Economic Community a reality – one that is competitive, dynamic and prosperous.

20. Thank you.

21. May we now move on to the next agenda item.