



SPEECHES

Press Communiqué

THE 37TH CONFERENCE OF THE SOUTH EAST ASIAN CENTRAL BANKS (SEACEN) GOVERNORS ULAANBAATAR, MONGOLIA 25-26 JUNE 2002

The 37th Conference of the South East Asian Central Banks (SEACEN) Governors was held in Ulaanbaatar on 25-26 June 2002. Fifteen member and observer central banks and monetary authorities participated in the conference.¹ His Excellency Nambar Enkhbayar, Prime Minister of Mongolia, officiated the Opening Ceremony. The theme of the conference, chaired by Mr. Ochirbat Chuluunbat, Governor of The Bank of Mongolia, was "Strengthening Financial and Economic Resilience in an Environment of Globalisation".

In his opening address, His Excellency Prime Minister N. Enkhbayar highlighted that the Conference theme was especially significant for small economies. He emphasised the need to have a stronger financial sector to enable the economies to withstand external shocks. Furthermore, he noted that while many things had changed in Mongolia, much remained to be done to generate more employment, raise household income and reduce poverty. These goals are unattainable without a strong banking sector. The Prime Minister pointed out some of the major amendments to the Banking Act of Mongolia to improve the legal framework for bank lending and for facilitating debt repayment.

In his welcome address, Governor Chuluunbat said that he was particularly pleased that the 37th Conference of the SEACEN Governors was being held in Mongolia at a time of restoration and growth of public confidence in the banking sector of Mongolia. He expressed his special thanks to the SEACEN Centre, which over the years had been providing opportunities for staff of SEACEN member central banks to benefit from its training in central banking issues. Governor Chuluunbat expressed his confidence that the SEACEN Centre would continue in its effort to help member countries overcome the challenges they face in a globalised economic and financial environment.

In his response address, Mr. Koh Yong Guan, Managing Director of the Monetary Authority of Singapore, observed that the economic outlook for SEACEN member countries had improved, and that SEACEN member countries had become more resilient since the Asian financial crisis. Mr. Koh referred to the positive effects of globalisation, but stressed that countries must continue to strengthen their economic and financial resilience. Mr. Koh also said that the SEACEN Centre had played a significant role in the cooperation and collaboration among member central banks, and that it should continue to coordinate its training efforts with those of other regional initiatives.

Mr. Mike Callaghan, Executive Director of the International Monetary Fund (IMF)², presented his views on IMF initiatives to help countries prepare better for future financial crises. He noted that IMF surveillance now covered a wide range of areas such as external vulnerability assessments, financial sector vulnerabilities, and structural policies, in addition to the initial focus on monetary, fiscal and exchange rate issues. He noted that while the focus of efforts to strengthen the management of financial crises has centered on proposals to establish a legal framework to help countries resolve unsustainable sovereign debt situations, the prevention and management of a financial crisis is more dependent on domestic leadership, political will and community consensus.

Mr. Dono I. Djojosebroto, Executive Director for SEAVG³ of the IMF spoke on IMF matters of interest to the Group as well as the economic outlook of the countries in the region and major economies. Mr. Djojosebroto brought up the issue of the effectiveness of IMF surveillance, which depended on the quality of the policy advice given by IMF missions and the ability of the authorities to implement it.

In their discussions, the Governors noted that IMF policy prescriptions should be sensitive to specific country circumstances, particularly on the observance of standards and codes.

Dr. Subarjo Joyosumarto, Executive Director of the SEACEN Centre presented a paper on economic trends and outlook for SEACEN member countries in 2002.

The Governors described how their countries had responded to the challenge of strengthening economic and financial resilience in an environment of globalisation. They also discussed several issues such as the need to reduce vulnerability of domestic economy to shocks, hold comfortable levels of reserves, achieve long-term economic stability and minimise financial systemic risks. They also discussed the uncertainty of the economic outlook of industrial countries and the implications for SEACEN member countries. Another issue that was discussed was the diversion of foreign direct investment to North Asia.

The Governors had extensive exchange of information on financial and monetary situations of each country and a region as whole.

The Governors accepted with thanks the offer of Bangko Sentral ng Pilipinas to host the 38th Conference of the SEACEN Governors and the 22nd Meeting of the SEACEN Board of Governors in 2003.

The Governors expressed their appreciation to The Bank of Mongolia for its warm hospitality and the excellent arrangements for the Conference.

Date: 26 June 2002
Ulaanbaatar, Mongolia

¹ The members are Bank Indonesia, The Bank of Korea, Bank Negara Malaysia, The Bank of Mongolia, Central Bank of Myanmar, Nepal

Rastra Bank, Bangko Sentral ng Pilipinas, Monetary Authority of Singapore, Central Bank of Sri Lanka, The Central Bank of China, Taipei, and Bank of Thailand. The participating observers include Brunei's Ministry of Finance, National Bank of Cambodia, Reserve Bank of Fiji, and National Reserve Bank of Tonga.

2 Executive Director of the voting group consisting of Australia, Kiribati, Korea, Marshall Islands, Micronesia, Mongolia, New Zealand, Palau, Papua New Guinea, Philippines, Samoa, Seychelles, Solomon Island and Vanuatu.

3 Executive Director of the voting group consisting of Brunei, Cambodia, Fiji, Indonesia, Lao P.D.R., Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga, and Vietnam.