

(Draft 27-2-10)

**45th SEACEN Governors' Conference and
29th Meeting of the SEACEN Board of Governors
26-27 February 2010
Siem Reap, Cambodia**

Press Communiqué

1. The 45th Conference of the Governors of the South East Asian Central Banks (SEACEN) and 29th Meeting of the SEACEN Board of Governors were held on 26-27 February 2010 in Siem Reap, Cambodia. The Deputy Prime Minister and Minister of Economy and Finance of Cambodia, H.E. Keat Chhon, officiated the Opening Ceremony. Participating in the Conference were Governors and representatives of the sixteen SEACEN central banks and an observer central bank¹. The Vice President of Asian Development Bank, Mr. C. Lawrence Greenwood, Jr., was the keynote speaker at the Conference. The other speakers included Mr. Hervé Hannoun, Deputy General Manager of the Bank for International Settlements, Mr. Akira Ariyoshi, Director of the IMF Regional Office for Asia and the Pacific, and Dr. Duangmanee Vongpradhip, Executive Director for IMF South East Asian Voting Group. Governor Dr. Chea Chanto of National Bank of Cambodia chaired the Conference and Meeting. The theme of the Conference was “The Role of Central Banks in Sustaining Economic Recovery and in Achieving Financial Stability”.
2. In his Opening Address, H.E. Keat Chhon highlighted that despite Asia’s strong external position and limited direct exposure to the US subprime mortgage crisis, the region was affected by the global financial crisis due to the sharp decline in international trade and the reversal of capital flows. Relative to other regions, Asia is

1. The SEACEN members include Ministry of Finance, Brunei Darussalam, National Bank of Cambodia, Reserve Bank of Fiji, Bank Indonesia, The Bank of Korea, 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 of the Republic of China (Taiwan), Bank of Thailand and State Bank of Vietnam. The observer central Bank of the Lao PDR.

leading global recovery through the combination of monetary policy easing, large fiscal stimulus and currency flexibility, underpinned by sound balance sheet of the private sector and global trade normalization. Notwithstanding the early economic rebound, withdrawal of stimulus should be contingent on a more sustained recovery in private demand. Going forward, he emphasized the important roles of central banks in promoting both economic and financial stability. He also emphasized on the critical role of regional cooperation in supporting these efforts.

3. Governors deliberated on the timing, sequencing and the possible spillover effects of the exit strategies. They recognized the importance of policy coordination in unwinding economic stimulus measures. Given a stronger economic rebound, emerging markets could exit early, but should weigh such decisions against domestic and global macroeconomic conditions and policy measures undertaken by advanced economies. Rationales for the stimulus policies to continue must be re-examined as to whether they still remain relevant in its current scope. Governors noted that exit strategies should be based on country-specific economic conditions. The unwinding process is to be done in a measured and transparent manner and communication is critical during this stage.
4. Governors acknowledged that the recent global financial crisis underscores the presence of systemic risk generated from excessive leverage, the inter-connectivity of financial institutions and markets, and the pro-cyclical nature of the financial sector. Governors recognized that solid micro-prudential regulation and supervision is essential but this should be supplemented with macro-prudential policies to address potential financial and economy-wide systemic risks. They noted that further efforts are required to overcome a number of practical challenges with regard to implementation of the proposed prudential tools.
5. Given the complexity of the financial system and the broader scope of financial stability framework, there is a need for central banks to coordinate with other agencies domestically and internationally. In achieving sustainable growth and

financial stability, central banks should also focus on financial inclusion and the overall progressive development of the financial sector.

6. Furthermore, Governors noted the need for greater international coordination on macroeconomic policies and prudential regulations to promote global financial stability. In particular, Governors recognized the increasing importance of cross-border cooperation and coordination among host and home country regulators and monetary authorities as financial systems become more globally integrated.
7. At the 29th Meeting of the SEACEN Board of Governors, Governors reviewed the strategic role of the SEACEN Centre in building central banking capabilities among members in the Asia-Pacific region through its comprehensive learning and applied research programs. Given the dynamic nature of the environment post crisis, the Centre needs to place emphasis on content that is contextualized to regional economic circumstances and the level of financial sector development.
8. Governors accepted with thanks the offer of the Central Bank of Sri Lanka to host the 46th Conference of the SEACEN Governors and 30th Meeting of the SEACEN Board of Governors in 2011.
9. Governors expressed their appreciation to National Bank of Cambodia for the excellent arrangements and warm hospitality in hosting this year's SEACEN Governors' Conference and SEACEN Board of Governors' Meeting.

27 February 2010