



Office Memorandum

To: Members of the Executive Board

April 13, 2010

From: The Secretary

Subject: **Mr. Shinohara's Report to the Executive Board on His Visit to Vietnam for the ASEAN Meetings April 7–8, 2010**

Attached for the **information** of Executive Directors is Mr. Shinohara's report to the Executive Board on his visit to Vietnam for the ASEAN meetings, April 7–8, 2010.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

FO/DIS/10/73

**Deputy Managing Director Mr. Shinohara's Report to the Executive Board
on His Visit to Vietnam for the ASEAN Meetings
April 7–8, 2010**

I had the pleasure of participating in the 6th ASEAN Central Bank Governors' meeting and the 14th ASEAN Finance Ministers' meeting in Nha Trang, Vietnam, on April 7–8.^{1 2} Both events provided valuable opportunities to discuss the global and regional outlook and policy challenges, and to hear views on ongoing Fund reform initiatives and their potential impact on the region. Ministers and Governors welcomed the Fund's analysis and policy recommendations and, more generally, our participation in these meetings and efforts to engage more closely with countries in the region.

Ministers and Governors observed that, while the global economy is recovering stronger than expected, growth varies significantly across the globe, noting that emerging Asia remains in the lead. In a still unsettled global environment, they agreed that ASEAN policymakers are facing a number of challenges, including: (i) determining the appropriate pace for exit from policy stimulus, (ii) managing capital inflows carefully, and (iii) rebalancing economies toward domestic demand over the medium term. Several Ministers and Governors noted that the IMF could play an important role in helping countries navigate these policy challenges, including as part of the G-20 process. There was a great interest in the IMF's views on capital controls, which I noted could be part of the temporary response in certain circumstances.

There was general support for our recent efforts to make the IMF more flexible and useful to member countries, including reforms to the lending framework to better meet country needs and streamline loan conditions. I emphasized the importance of a financial safety net at national, regional, and global levels which can complement each other. In this context, I congratulated Ministers and Governors for last month's activation of the Chiang Mai Initiative Multilateralization (CMIM). Several Ministers and Governors encouraged the IMF to explore specific ways to collaborate more closely with the CMIM, and I expect our discussions on this issue to continue.

I discussed a number of steps that the IMF has been taking to sharpen analysis and advice, including strengthening bilateral and multilateral surveillance, and developing regional surveillance to complement bilateral surveillance. Some expressed concern about recent initiatives to reform global financial regulations (such as capital adequacy), and asked the IMF to analyze their macroeconomic impact.

At the margins of the meetings, I had several bilateral meetings. Among them, First Deputy Prime Minister of Vietnam Nguyen Sinh Hung and State Bank of Vietnam Governor Nguyen

¹ The IMF was invited to the ASEAN Finance Ministers' meeting for the first time.

² Mr. Anoop Singh, who joined me along with other regional staff, undertook similar discussions with ASEAN +3 Finance and Central Bank Deputies on April 6.

Van Giau appreciated the IMF's macroeconomic and financial policy advice, and expressed the government's commitment to preserving macroeconomic stability while rebuilding growth. Managing Director of the Monetary Authority of Singapore Heng Sweet Keat welcomed the IMF's participation in the ASEAN meetings and efforts to enhance the IMF's engagement in the region, and looked forward to close collaboration with the IMF on regional issues. He confirmed that the ASEAN +3 Regional Surveillance Office will be established next year. Deputy Prime Minister of Cambodia Keat Chhon highlighted the critical role played by the IMF resident representative office in providing real-time policy advice in an environment of very weak human capacity, and strongly requested maintaining the resident office. Overall, I was struck by the constructive discussions with the authorities from this key region.