

MESSAGE FROM AMRO DIRECTOR

The year 2019 also marked the 20th anniversary of the ASEAN+3 Finance Process. AMRO is humbled to be part of this journey through providing technical and intellectual support to the process.



In 2019, the ASEAN+3 region again enjoyed the highest growth rate in the world at around 5 percent, despite strong external headwinds and heightened uncertainty in the global economy. AMRO strived to upgrade our capacity as a trusted "family doctor" in the region, aiming to address emerging economic challenges and our members' evolving needs. Such efforts include further enhancing our analytical toolkits to upgrade economic surveillance activities, supporting members in improving the operational readiness of the CMIM, and providing targeted technical assistance to members. The smooth transition to a new senior management team also helped us build upon our past achievements and reach new heights during the year.

The region once again proved its resilience in the past year despite mounting risks, including intensifying U.S.-China trade and technology tensions, volatility in financial markets, and simmering geopolitical tensions. Regional authorities were also adept in using policy measures to effectively

navigate the turbulence. However, given the still heightened uncertainty in the global economy, there is no room for complacency.

To provide timely and insightful policy advice to members, AMRO further revised our internal procedure in conducting country surveillance activities to enhance its efficiency and effectiveness. We conducted 13 Annual Consultation Visits to members and published 13 Annual Consultation Reports (ACRs) on our website. We also started to integrate the Economic Review and Policy Dialogue (ERPD) Matrix scorecard, a set of key macro-financial indicators that will be used to assess the macroeconomic and financial strength of a member economy wishing to access the CMIM crisis-prevention facilities, into the country surveillance process.

AMRO continued to develop important analytical toolkits to analyze critical issues such as financial spillovers and asset cycles for our surveillance work to better conceptualize the evolving

risks and offer insightful policy advice to members. Through our analysis, we endeavored to help policymakers make informed decisions with respect to macroeconomic and financial policies.

AMRO increased the focus on identifying and analyzing structural issues to strengthen fundamentals in the region. Our flagship report, the [*ASEAN+3 Regional Economic Outlook 2019 \(AREO\)*](#) discussed how regional economies can build capacity and connectivity to promote regional integration and enhance resilience and growth. Our [*ACRs*](#), which examine the economic situation in individual member economies, contained studies on selected issues that are of concern to the authorities. We believe that these studies can provide policymakers with a deeper understanding of these matters so that they are in a better position to address pressing structural issues and challenges.

Given the heightened risks in the global economy, it is crucial to make the CMIM an efficient and effective facility that

provides liquidity support to members who are hit, or are at risk of being hit by volatility shocks. In supporting the implementation of the CMIM, AMRO has made significant contributions to members' effort to improve the operational readiness of the CMIM as a regional self-help mechanism. AMRO also supported members in refining the CMIM Operational Guidelines (OG) and developing the CMIM Conditionality Framework, which defines the conditions for the use of CMIM facilities. AMRO assisted members to successfully conduct the 10th test run, which focused on the technical and operational aspects of CMIM swap transactions. These activities aimed to enhance the smooth operation of the CMIM during crises and to reinforce its effectiveness as a crisis resolution and prevention facility.

With respect to the future direction of the CMIM, AMRO published a collaborative study that examined the plausibility and possible modality of local currency contributions to the CMIM in the context of increasing regional financial linkages and the use of local currencies in regional trade and investment. Based on the research, members adopted and endorsed a general guidance on local currency contributions to the CMIM in May.

The year 2019 also marked the 20th anniversary of the ASEAN+3 Finance Process. AMRO is humbled to be part of this journey through providing technical and intellectual support to the process. We were heartened to know that AMRO's policy note titled *"ASEAN+3 Region: Sustaining Growth and Stability amid Mounting Global Uncertainty"*, submitted to ASEAN+3 Leaders at their 22nd Summit in Thailand in November 2019 was recognized as "a helpful overview of recent macroeconomic developments and policy responses" in the Chairman's statement.

To support regional capacity building, AMRO continued to provide targeted technical assistance tailored to members' needs and stages of development. In 2019, we implemented two consultancy projects in Lao PDR and Cambodia to help strengthen their capacity in implementing sound economic policies. We hosted 17 secondees from member authorities, providing them with on-the-job training opportunities to help enhance their knowledge and gain new skills and perspectives on macroeconomic surveillance.

To facilitate the sharing of knowledge and best practices as well as demonstrating thought leadership, AMRO continued to play key roles in various international and regional fora. Our participation in these fora has helped strengthen our partnerships with peer organizations. During the year, AMRO organized and co-hosted 25 events and AMRO's management and staff spoke at almost 50 seminars and conferences globally.

To efficiently support our core functions, we have stepped up our efforts in enhancing our organizational capacity through the enhancement and implementation of the Performance Evaluation Framework (PEF), the smooth execution of important institutional policies and strategies, and the adoption of advanced technology to improve work efficiency. In 2019, we conducted a mid-term review of our MTIP. This exercise provided a good opportunity to reflect on AMRO's evolving needs since its establishment and in turn, contributed towards enhancing AMRO's strategic development and governance. It also helped AMRO keep pace with the advancement of the ASEAN+3 Finance Process and allowed AMRO to better cater to members' expectations. Our new MTIP, which will serve as an indicative blueprint for AMRO's operations for

2020-2024, was endorsed by our EC in December 2019 and will be implemented from 2020 onwards.

Taking this opportunity, I would like to thank my predecessor, Dr. Junhong Chang, for her stellar leadership at the critical juncture after AMRO's transformation into an IO in 2016. During her three years at the helm, AMRO made tremendous progress during the early stage of our "build-up" phase that paved the way for the new management team to lead the organization in the coming years.

Since my appointment as AMRO Director in May 2019, my vision has been clear: to create a region that is able to withstand financial crises by strengthening AMRO's role as a capable and trusted "family doctor" to its members. Through my interactions with member authorities as well as other stakeholders, I am inspired by the strong commitment and collaborative spirit toward our common goal of having a region free of financial crises, and ensuring strong, sustainable, balanced, and inclusive growth for all. I am optimistic that by working together, AMRO will be able to support regional economies to weather challenges in times of uncertainty.

TOSHINORI DOI
AMRO Director