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ASEAN+3 STRENGTHENS REGIONAL ECONOMIC AND FINANCIAL COOPERATION IN RESPONSE TO UNCERTAINTY STEMMING FROM THE CONFLICT IN THE MIDDLE EAST

On May 3, Deputy Prime Minister and Minister of Finance and Economy Koo Yun Cheol attended the 29th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting held in Samarkand, Uzbekistan.

The meeting brought together finance ministers and central bank governors from the 14 member economies of ASEAN+3 – including Korea, China, Japan, and the member states of the Association of Southeast Asian Nations (ASEAN*) – as well as representatives from international organizations*, who discussed regional economic trends, policy directions of member economies, and key ASEAN+3 financial cooperation agenda items.

** ASEAN 11 member states: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, and Timor-Leste.*

** The ASEAN+3 Macroeconomic Research Office (AMRO), the International Monetary Fund (IMF), the Asian Development Bank (ADB), etc.*

Representatives from international organizations, including AMRO, the ADB, and the IMF, emphasized the need for swift policy responses, including targeted fiscal support for vulnerable groups, should the situation in the Middle East become prolonged. They also pointed out that economies in the region remain highly dependent on imports from the Middle East and are therefore vulnerable to external shocks.

Members noted that, despite positive factors such as the strong semiconductor cycle, the ASEAN+3 economy faces growing downside risks and potential spillover effects to other sectors arising from geopolitical tensions, rising energy prices, and supply disruptions, and called for strengthened regional cooperation. They also shared the view that, while maintaining policy flexibility to respond to short-term risks, continued efforts to strengthen resilience against external shocks will be needed over the longer term.

DPM Koo expressed agreement with the assessments by international organizations and member states that the conflict in the Middle East has further heightened uncertainty surrounding the regional economy. He highlighted that, particularly in times like these, the role of the ASEAN+3 framework – which has served as a key pillar of regional support during past crises – becomes all the more important.

He further noted that the Korean economy grew by 1.7% in the first quarter and that, in March, industrial output, consumption, and investment all recorded gains, marking a “triple increase.” He

explained that the recovery momentum has accelerated as the effects of the new government's policy efforts – such as supporting domestic demand and revitalizing capital markets – have begun to materialize. At the same time, he stressed that the conflict in the Middle East remains a risk factor for the Korean economy and explained that the government is responding proactively by mobilizing all available policy tools to sustain the recovery momentum, including the implementation of a price ceiling system and a KRW 26.2 trillion supplementary budget financed through excess tax revenues.

In addition, participants discussed regional financial cooperation agenda items, including efforts to strengthen the Chiang Mai Initiative Multilateralisation (CMIM)*, the regional financial safety net. Member states emphasized the importance of reinforcing the CMIM amid ongoing uncertainty in the global economy and exchanged views on various issues to be considered in transitioning the existing multilateral currency swap arrangement to a paid-in capital (PIC) structure in order to enhance its effectiveness.

** Chiang Mai Initiative Multilateralisation (CMIM): a multilateral currency swap arrangement among ASEAN+3 economies with a total size of USD 240 billion.*

DPM Koo noted that, amid the current elevated uncertainty, the role of the CMIM takes on greater importance. He also suggested that efforts to bolster AMRO's surveillance capacity should be pursued alongside institutional reform initiatives.

With regard to the Asian Bond Markets Initiative (AMBI)*, DPM Koo stated that discussions should be expanded beyond bonds to include a broader range of financial products from a future-oriented perspective, reflecting recent changes in the financial environment such as digitalization. In this context, he introduced plans for the Digital Bond Market Forum (DBMF), which Korea took the lead in launching, to discuss the trading of tokenized carbon credits, and called for the interest and participation of member countries.

** Asian Bond Markets Initiative (ABMI): launched in 2003 with the aim of promoting the development and integration of regional bond markets.*

The 30th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting next year is scheduled to be held in Nagoya, Japan, under the co-chairmanship of Korea and Singapore.

Meanwhile, at the earlier Trilateral Finance Ministers' and Central Bank Governors' Meeting, the three countries agreed to continue strengthening not only trilateral cooperation among themselves but also cooperation through the ASEAN+3 framework.