

Press Statement

EMEAP Central Banks to Launch Asian Bond Fund

2 June 2003

The EMEAP (Executives' Meeting of East Asia and Pacific Central Banks) Group, comprising 11 central banks and monetary authorities in the East Asia and Pacific region, is pleased to issue this joint announcement on the launch of the Asian Bond Fund (ABF). All EMEAP members have agreed in principle to invest in the Fund. The Fund, which will have an initial size of about US\$1 billion, will invest in a basket of US dollar denominated bonds issued by Asian sovereign and quasi-sovereign issuers in EMEAP economies (other than Japan, Australia and New Zealand). The Fund will be managed by the Bank for International Settlements in a passive style in accordance with a specific benchmark. The ABF is expected to start operation soon. The EMEAP Group will set up an Oversight Committee to monitor the performance of the Fund.

The launch of the US dollar ABF is an important step in regional co-operation aiming at promoting bond markets in the region. The EMEAP Group has been playing an active role in promoting the efficiency of financial intermediation in the region and the launch of the ABF will facilitate the channelling of a small portion of the very sizeable official reserves held by the Asian economies back into the region. The Fund will also provide a useful means for the Asian central banks to diversify their investments beyond the more traditional reserve assets and to enhance their returns.

After the launch of the US dollar ABF, the EMEAP Group will proceed to study the extension of the ABF concept to include bonds denominated in regional currencies, further strengthening the contribution of the initiative to the broadening and deepening of bond markets in the region.

Note: Contact details for the 11 members of the EMEAP Group are as follows:

Reserve Bank of Australia	Bob Rankin	(61 2) 9551 8410
People's Bank of China	Luo Jin	(86 10) 6619 4956
Hong Kong Monetary Authority	Thomas Chan	(852) 2878 1480
Bank Indonesia	Wahyu Widjajanti	(62 21) 381 8116
Bank of Japan	Atsushi Takeuchi	(81 3) 3277 2915
Bank of Korea	Sun-Byoung Chae	(82 2) 759 5202
Bank Negara Malaysia	Abu Hassan Alshari Yahaya	(60 3) 2691 9335
Reserve Bank of New Zealand	Kelly Eckhold	(64 4) 4713 879
Bangko Sentral ng Pilipinas	Amando Tetangco	(63 2) 524 8722
Monetary Authority of Singapore	Diana Koh	(65) 6229 9104

Bank of Thailand

Thirachai Phuvanat Naranubala

(66 2) 283 5030