

# Press Statement

## Fourth EMEAP Governors' Meeting

9 July 1999

1 The Fourth EMEAP Governors' Meeting was held on 9 July 1999 in Hong Kong, China. The meeting was chaired by Mr. Joseph Yam, Chief Executive of the Hong Kong Monetary Authority.

2 EMEAP Governors reviewed recent economic and financial developments in the member economies, and noted encouraging signs of economic recovery and stability returning to financial markets in Asia. But for the region's economic recovery to be sustainable, Governors agreed on the need to pursue appropriate macroeconomic policies and to keep up the efforts to implement structural reforms. Governors also called for a supportive international environment characterised by continued and steady growth of the industrialised economies and stability of the major currencies and financial markets.

3. Governors received reports on the last two meetings of the EMEAP Deputies in Auckland and Melbourne and also progress reports from the three Working Groups on Banking Supervision, Financial Markets, and Payment and Settlement Systems. They reaffirmed their commitment to promote co-operation and advances in the different areas of central banking functions.

4. On the strengthening of the international financial system, Governors noted the progress made in various international fora to enhance transparency and disclosure as well as to improve counterparty risk management. They welcomed the establishment of the Financial Stability Forum (FSF) to co-ordinate efforts by various national and international bodies. They supported the studies of the three Working Groups established by the FSF on highly leveraged institutions, short-term capital flows and the offshore financial centres. Governors considered that these studies would be helpful in addressing the potentially disruptive impact of highly

leveraged institutions' activities, particularly on market dynamics of small and medium-sized financial markets.

5. EMEAP Governors emphasised the need for adequate involvement of EMEAP economies in the process of reforming the international financial architecture. They therefore welcomed the inclusion of some economies from this region in the FSF and its working groups, and would like to see a wider participation of other emerging market economies.

6. Finally, Governors noted substantial progress made by members in addressing the Y2K issue and reaffirmed their commitment to co-operate at both the regional and international level in this area.

7. The Governors agreed to hold the next Governors' Meeting in Korea on 7 July 2000.

Hong Kong Monetary Authority  
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