

Report of
Meeting of Developing Eight (D-8) Central Bank Officials
Bali, 1-2 September 2005

1. The Government of the Republic of Indonesia hosted the Meeting of Developing Eight (D-8) Central Bank Officials in Bali on 1-2 September 2005. The meeting was presided over by Mr. Sjamsul Arifin, Director of International Affairs, Bank Indonesia. The Meeting was attended by Central Bank Officials from Bangladesh, Indonesia, Iran, Malaysia, Pakistan, and Turkey.
2. In his opening remarks, Mr. Sjamsul Arifin emphasized that the meeting was important to discuss ways and means to enhance cooperation among D-8 countries. Central Bank cooperation would also be beneficial for D-8 member countries as a forum for exchange of views and experiences so as to derive benefit while minimizing the adverse effect of economic integration and globalization. He also noted that enhanced cooperation among D-8 Central Banks was in line with the objective of other areas of cooperation of member countries, such as trade, industry and agriculture.
3. Ambassador Ayhan Kamel, Executive Director of D-8, was unable to attend the meeting. However, he sent his written message which was read out in the meeting by Ms. Linggawaty Hakim, Director of Non-UN Economic, Financial and Development Cooperation, Ministry of Foreign Affairs of the Republic of Indonesia. In his message, the Executive Director emphasized the importance of conducting the meeting as a good basis for discussion in line with the objectives and scope of cooperation among the D-8 Central Banks as well as various activities undertaken in the areas falling within the competence of the Central Banks.
4. The agenda of the meeting was adopted.
5. Each delegate made country presentation on issues relating to the area of responsibilities which included monetary policy, banking supervision and regulation, and payment system. The presentations were followed by discussions on different roles and responsibilities of each Central Bank in D-8 countries. During the discussion several delegates raised the issues of microfinancing, Islamic banking, trade facilitation, external debt management, and export financing scheme based on various existing models. Country presentations are attached as **Annex V**.

6. Extensive discussions took place during the deliberation under Agenda Item 5 on how to find the most effective and efficient ways and means to enhance central bank cooperation among the D-8 countries. Many ideas, views and suggestions were expressed by delegates on how to identify potential future cooperation among D-8 Central Banks.
7. Following a lengthy discussions, it was agreed that areas of cooperation would cover activities those fall under common responsibilities of D-8 Central Banks. In this regard, D-8 Central Banks might strengthen cooperation in areas of Central Bank's main responsibilities, such as:
 - a. Monetary policy to achieve price stability;
 - b. Banking supervision and regulation; and
 - c. Payment system.
8. In addition, D-8 Central Banks might also promote, on voluntary basis, cooperation of common interest to achieve higher economic growth in areas including, but not limited to:
 - a. Islamic banking and finance;
 - b. Facilitating trade among D-8 countries;
 - c. Microfinancing;
 - d. Debt management; and
 - e. Anti Money Laundering Surveillance.

Cooperation might be conducted through various means, such as enhancing communication network and the provision of D-8 Central Banks data linked to D-8 Website, exchange of information and experience, as well as capacity building of D-8 Central Banks officials and related authorities of member countries.

9. As to the institutional arrangement for such cooperation, it was considered that a permanent forum was not required, and member countries agreed to conduct meeting of D-8 Central Bank officials as and when deemed necessary. It should not be on regular basis but could be held on the sideline of other meetings such as IDB, ADB and IMF/WB. Any new initiative taken by any member country should be initially informed to the Coordinating Unit of D-8 through the respective D-8 Commissioner. Recognizing that some of D-8 Central Banks assumed other specific tasks, in addition to some common roles, participation of Central Banks in such an initiative should be on a voluntary basis.
10. The meeting took the advantage of the presence of D-8 Central Bank officials to discuss two pending Articles on the D-8 Draft Preferential Trade Agreement (PTA), namely Article 19 regarding "Transfer Payment" and Article 21 regarding the "Balance of Payment Difficulties".

11. Delegates expressed their views and comments on the two Draft Articles. On Article 19 regarding the "Transfer of Payment", delegates agreed in principle that it should be in conformity with Article VIII of the IMF's Articles of Agreement. Most of the delegations were in favour of deleting paragraph 2 and 3 of Article 19 where as some other delegations were in favour of keeping the Article intact.
12. On Article 21 regarding the "Balance of Payments Difficulties", most delegates agreed that it should be in conformity with the BOP Safeguard clause of the WTO regulation. However, the meeting took note of the concern of one delegation who is currently not a member of WTO that adopting such measure of WTO in the Draft PTA might create difficulty in future process of ratification by its Parliament. Another delegate suggested that Article 21 be simplified as appears in **Annex VI** of this Report.
13. The meeting recommended that the forthcoming HLTO meeting considers the views and opinion of Central Bank officials on the two Draft Articles for further formulation and finalization of the draft PTA.
14. Delegates expressed their appreciation and gratitude to the Government of the Republic of Indonesia for hosting the Meeting of D-8 Central Bank Officials.
15. At the closing session, the Chairman, Mr. Sjamsul Arifin, made his closing remarks by thanking all delegates for taking part actively in the meeting. He also reiterated the need to continue to work together and strengthen D-8 Central Bank cooperation, to contribute to economic development of D-8 member countries.

Bangladesh Proposal on Draft PTA

**Article 21
Balanced of Payment Measures**

1. Notwithstanding the provisions of this agreement, any contracting state facing serious balance of payment difficulties may suspend provisionally the concessions extended under this Agreement.
2. Any such measures taken to paragraph 1 of this Article shall be immediately notified to a Committee of Experts
3. The Committee of Experts shall periodically review the measures taken pursuant to paragraph 1 of this Article.
4. Any contracting state which takes action pursuant to paragraph 1 of this Article shall afford upon request from any other contracting state, and equate opportunities for consultations with a view to preserving the stability of concession under this PTA.
5. If no satisfactory adjustment is effected between the contracting states concerned within 30 days of the beginning of such consultations, to be extended by another 30 days through mutual consent, the matter may be referred to the committee of experts.
6. Any such measures taken pursuant to paragraph 1 of this Article shall be phased out soon after the committee of experts comes to the conclusion that the balance of payments situation of the contracting state concerned has improved.