Bank of Japan Review 2026-E-9

The Development and Strengthening of International Forums in Asia with the Participation of the Bank of Japan

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In Asia, economic growth across jurisdictions has deepened economic and financial ties with Japan, underscoring the importance of close monitoring of regional developments and advancing cooperative efforts toward financial stability. Major regional forums in which the Bank of Japan participates, namely EMEAP and ASEAN+3, have played distinct roles. Within EMEAP, central banks have fostered longstanding mutual trust, enabling frank and candid exchanges on shared regional challenges. Meanwhile, ASEAN+3 has pursued more targeted and practical initiatives, such as establishing a regional financial safety net and developing local currency bond markets, drawing lessons from the Asian financial crisis. Today, these platforms have become increasingly pivotal amidst growing complexities in the global environment. It is imperative to continue proactive engagement in these forums, while further deepening collaboration with central banks in the region in light of Asia's evolving economic landscape.

Introduction

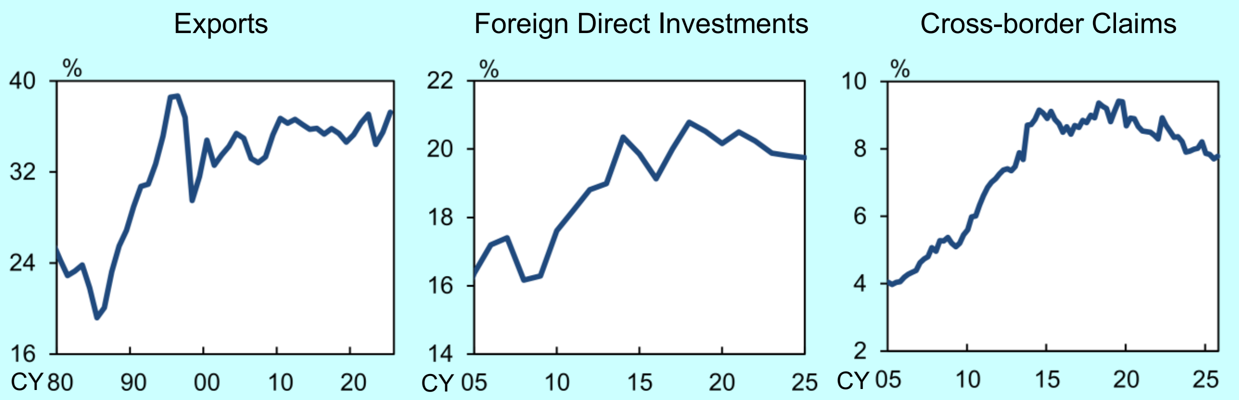
Asia has become increasingly important for Japan's economy and financial system. Over the past five decades, Asia's rapid economic development has extended supply chains across borders and deepened financial linkages throughout the region. Meanwhile, Japan's trade, investment, and financial institutions' exposures to the region have also grown over time (Chart 1).

The Bank of Japan (BOJ) actively participates in regional international forums to gain a detailed understanding of Asia's evolving economic and financial conditions and to contribute to financial cooperation aimed at ensuring the stability of the region's financial systems and markets.

For the BOJ, these activities have grown increasingly essential in light of Japan's deepening ties with Asia. However, despite the pivotal role of these regional forums, their activities remain relatively underrecognized. For instance, news coverage of regional forums tends to be limited compared to their global counterparts such as the G7, G20, IMF, or BIS[1] (Chart 2).

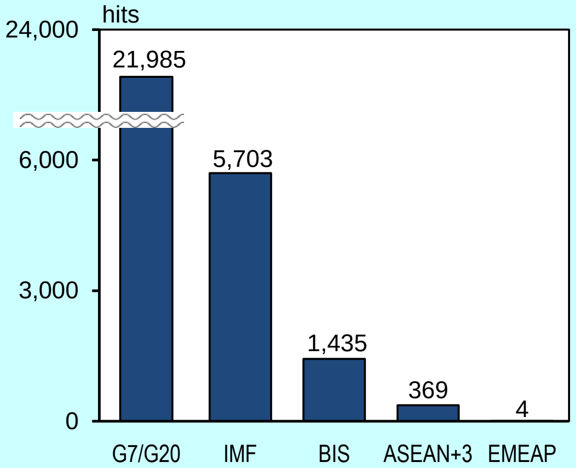
Against this backdrop, this paper aims to provide an in-depth look at EMEAP[2] and ASEAN+3, the two major regional forums, both of which the BOJ actively participates in, by exploring their origins, key initiatives, and recent activities. The paper will also

[Chart 1] Asia's Share of Japan's Exports, Foreign Direct Investments, and Cross-border Claims



Note: Excluding China. Cross-border claims are on an ultimate risk basis. The latest data are for 2025 for the left and center charts, and for the fourth quarter of 2025 for the right chart. Foreign Direct Investments and Cross-border Claims are presented on a stock basis.
Source: Ministry of Finance; JETRO; BIS.

[Chart 2] Number of News Reports on International Forums



Note: Number of search results for articles on Nikkei Telecom. The coverage period is the one year up to May 13, 2026.

Source: Nikkei Telecom.

touch on the challenges, from the Bank's perspective, in advancing regional cooperation going forward.

The Origins and Characteristics of EMEAP and ASEAN+3

EMEAP and ASEAN+3 are both key regional forums in Asia. However, they differ in their origins, objectives, and membership. This section briefly reviews how each forum was established and outlines their respective characteristics.

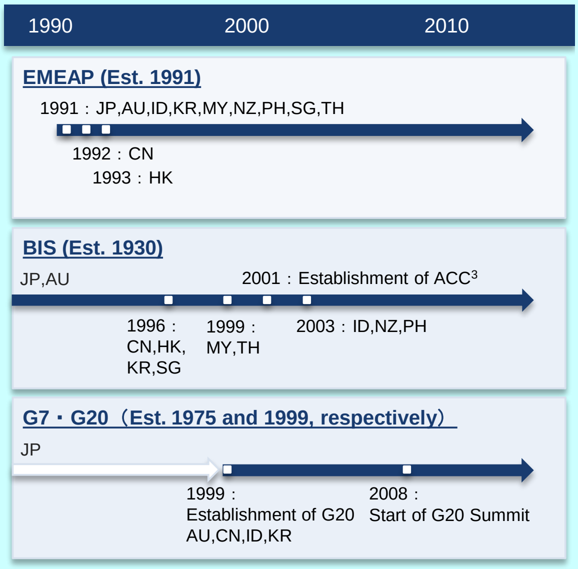
EMEAP: A Pioneer among Regional Forums

EMEAP is a discussion-oriented framework that places emphasis on the frank and candid exchange of views and the strengthening of networks among central banks in Asia.

At the time of its establishment in 1991, central banks in advanced economies had already developed networks for information sharing and financial cooperation through global forums such as the BIS. However, many Asian central banks did not participate in these global meetings, resulting in relatively weak relationships among them (Chart 3). Recognizing the need for a robust network among Asian central banks, then Governor Mieno Yasushi of the BOJ proposed the creation of EMEAP. This effort was embraced by central banks and monetary authorities across Asian jurisdictions.

Since 1993, when the current 11-member structure was established, EMEAP has not added to or changed its membership. EMEAP operates through a three-tier structure consisting of Governors' Meeting, Deputies' Meeting, and Working Groups at the staff level. This

[Chart 3] Participation of Asian Jurisdictions in International Forums



Note: Timeline of EMEAP Members' Participation in International forums.

structure enables multilayered interaction among central bank staff across the region. The Working Groups are organized around specialized areas, including payment and settlement systems, banking supervision, financial markets, and information technology.

While Asian central banks have gained more opportunities to participate directly in global forums such as the BIS since the late 1990s (Chart 3), EMEAP has remained a cornerstone of regional central bank cooperation, fostering mutual trust through longstanding relationships. In fact, in a report published by EMEAP last year, member central banks evaluated the forum highly as a crucial platform fostering regional collaboration.[4]

ASEAN+3: Strengthening Financial Systems Post Asian Financial Crisis

ASEAN+3 is a more action-oriented framework that focuses on implementing more targeted and practical measures to strengthen the regional financial system.

Its establishment was driven by the Asian financial crisis of the late 1990s, which revealed vulnerabilities in regional financial systems stemming from the "double mismatch," the reliance on funding long-term domestic investments through short-term, foreign-currency borrowing.[5] Dissatisfaction in the region with the IMF's crisis response further underscored the necessity of regional financial stability efforts.[6]

Against this background, a framework for ASEAN+3 cooperation was launched in 1997, when Japan, China, and Korea were invited to the ASEAN

Summit. In 1999, regular meetings of finance ministers began. Subsequently, in light of the view that cooperation with central banks was indispensable for strengthening financial systems, central bank governors also began participating from 2012 onward. This institutional development has shaped the composition of ASEAN+3, which includes all ASEAN member states, and both finance ministries and central banks participate from each jurisdiction.

ASEAN+3's initiatives have progressed in two key directions. The first is the development of a regional financial safety net, which provides liquidity to countries facing difficulties in securing foreign currency funding to prevent the spread or escalation of crises. IMF lending also serves as a component of the broader global financial safety net. Within ASEAN+3, members have established the Chiang Mai Initiative (CMIM), a network of currency swaps through which member countries can make foreign reserves available to one another in times of crisis.[7]

The second is the enhancement of local currency bond markets in the region. By fostering these markets, ASEAN+3 seeks to diversify financing channels, better connect regional savings with investments, and reduce over-reliance on external funding. Launched in 2003, the Asian Bond Markets Initiative (ABMI) has implemented a range of measures to bolster regional bond markets, including broadening the issuer and investor base, establishing credit guarantee mechanisms, and improving market infrastructure (Chart 4).[8]

[Chart 4] Overview of ABMI

Area	Key Actions
Promoting Issuance	・Provision of credit guarantees (CGIF) ・Support for the issuance of local currency bonds and sustainable bonds
Promoting Demand	・Information dissemination through AsianBondsOnline ・Provision of information to investors and promotion of intraregional investment
Improving Regulatory Frameworks	・Examination of issues and possible policy measures (ABMF) ・Standardization and harmonization of market practices and regulations (AMBIF)
Improving Market Infrastructure	・Improvement of cross-border settlement infrastructure (CSIF) ・Examination of collateral use and settlement linkages
Technical Assistance	・Technical assistance for market and capacity development in underdeveloped local currency bond markets

Advancing Regional Cooperation in a Changing Environment

As described above, EMEAP and ASEAN+3 have advanced regional cooperation by leveraging their respective strengths, in light of different origins and primary objectives. More recently, however, the environment surrounding the region has become increasingly complex, bringing new challenges such as geoeconomic fragmentation, supply chain reconfiguration, price fluctuations associated with supply shocks, digital transformation, and climate change.

Given that these challenges have significant cross-border implications for the region, it has become even more crucial for member economies to exchange knowledge and insights. At the same time, there is an increasing need to revisit and enhance frameworks for crisis preparedness and regional financial market development to address evolving circumstances. In response, EMEAP and ASEAN+3 have been intensifying their discussions and further advancing their collaborative efforts. The following sections provide an overview of recent activities within these two forums.

EMEAP: Deepening Discussions on Shared Challenges

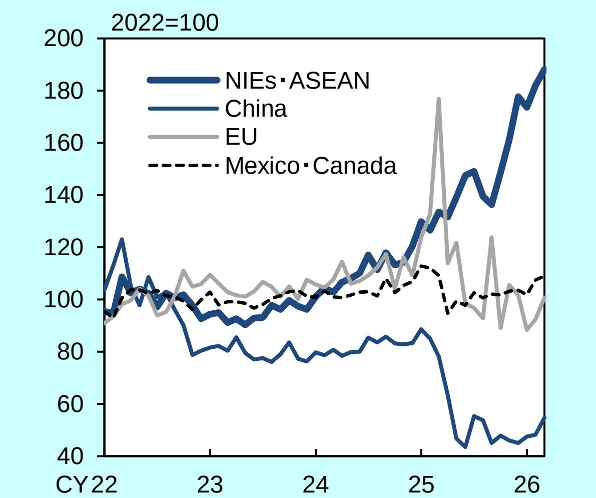
EMEAP has been actively deepening discussion among central banks regarding emerging issues that are increasingly attracting attention within the region. The 2025 Governors' Meeting agreed to establish a new framework to prioritize discussions on shared regional challenges, collectively identified as the "Strategic Priorities." Under this framework, discussions are carried out in a coordinated manner across three layers consisting of Governors, Deputies, and working-level officials.[9] The current Strategic Priorities are defined as follows: (i) geoeconomic fragmentation and policy spillovers, (ii) changing inflation dynamics, (iii) digitalization and AI, and (iv) climate and environmental risks. Each of these themes is expected to have a significant influence on the region's economic and financial landscape, emphasizing the necessity for central banks to exchange experience and insights, as well as a nuanced understanding of their potential implications. Below is an overview of these priority issues.

Geoeconomic Fragmentation and Policy Spillovers

In recent years, many countries have been reassessing their economic policies, such as trade regulations, export controls, and investment rules, with an increasing focus on national security concerns. These shifts not only have the potential to alter trade and investment flows but may also bring broader consequences, such as reshaping supply chains and influencing businesses' production and procurement strategies.

In Asia, where manufacturing industries are concentrated and supply chains extend across borders, changes in trade policies by some countries can have repercussions beyond the targeted jurisdiction, potentially affecting economies across the region. For instance, heightened trade tensions between the United States and China have led some firms to adopt a "China+1" strategy, diversifying their production by moving operations from China to other parts of Asia.[10] At the same time, the decline in U.S.-bound exports from China has been partially offset by increasing exports from other economies in the region (Chart 5).

[Chart 5] US Imports by Region



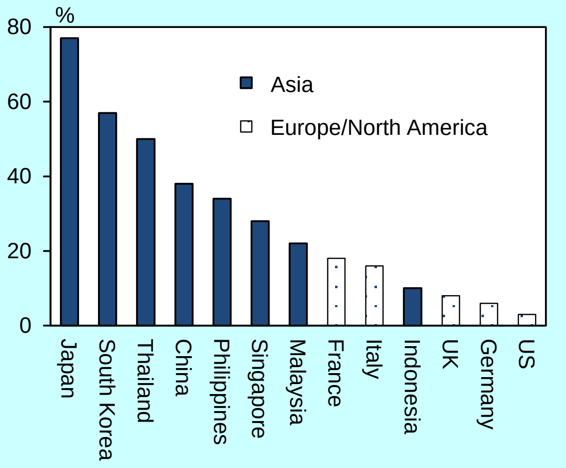
Note: The latest data are as of March 2026. ASEAN includes 10 countries, excluding Timor-Leste.
Source: HAVER.

Changing Inflation Dynamics

In recent years, supply-side factors have gained increasing significance in understanding price developments, alongside the traditional focus on demand-side drivers. Supply constraints following the pandemic, fluctuations in global commodity prices, and disruptions to logistics have all had considerable impacts on price movements in many countries.

Asia is particularly susceptible to such supply-side factors due to its heavy reliance on energy imports and the high proportion of food costs in its consumption baskets. These factors make domestic economies and inflation in the region more exposed to external pressures. Currently, ongoing tensions in the Middle East are being closely monitored for their potential impact on the regional economy. Many Asian jurisdictions depend heavily on energy imports from the Middle East, leaving them especially vulnerable to such geopolitical risks (Chart 6).

[Chart 6] Dependence on Energy-Related Imports from the Middle East



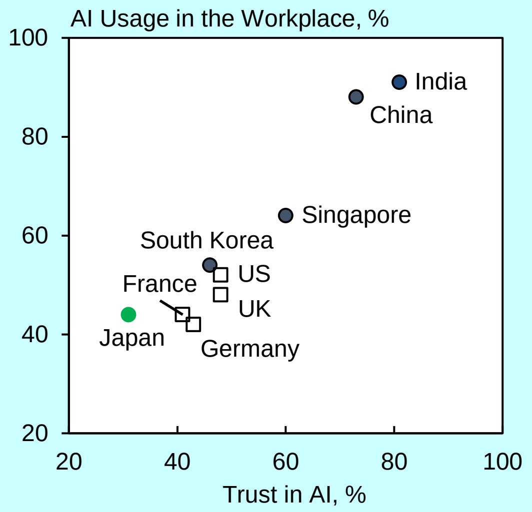
Note: Share of imports of crude oil, natural gas-based liquid fuels, and petroleum products from Middle Eastern Gulf countries in domestic demand and exports as of 2024.
Source: IEA.

Digitalization and AI

The adoption of digital technologies, including artificial intelligence (AI), is rapidly expanding across Asia (Chart 7). While these innovations have the potential to drive economic growth and enhance productivity, they also bring new challenges, such as the potential impact on employment and income distribution, as well as risks to cybersecurity. In the financial sector, digital payments and AI-driven financial services are rapidly evolving, improving convenience for consumers. However, these developments have also heightened concerns regarding financial system stability and trust, particularly in areas such as system reliability, cybersecurity threats, and data governance.

For central banks themselves, AI offers promising opportunities in various applications, particularly for economic analysis, market monitoring, and financial supervision.

[Chart 7] AI Usage and Its Perspectives



Note: Survey conducted by the University of Melbourne and KPMG, targeting approximately 50,000 people across 47 countries. The vertical axis represents the percentage of respondents who reported using AI in their workplace tasks, while the horizontal axis shows the percentage of respondents who trust AI as a basis for decision-making at work. The survey period was from November 2024 to January 2025.

Source: Stanford University; University of Melbourne; KPMG.

Climate and Environmental Risks

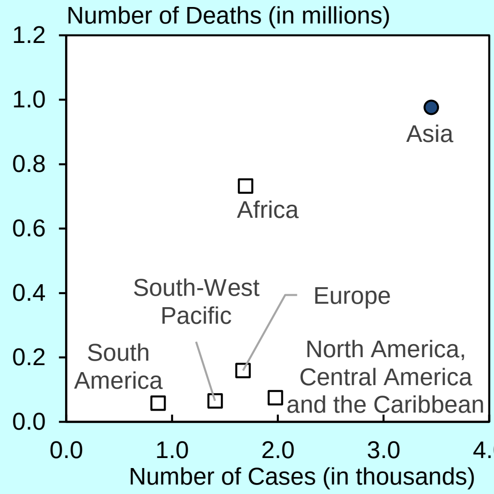
Asia is highly vulnerable to natural disasters, including typhoons, floods, droughts, and heatwaves, which have long posed significant challenges to economic activity and people's livelihoods (Chart 8). Climate change could further exacerbate these risks, with the potential to increase the frequency and severity of such events. Simultaneously, amid rapid urbanization and industrial concentration, concerns have also been raised over rising environmental risks, including air and water pollution.[11] These developments could exert significant and far-reaching impacts on regional economies.

Moreover, Asia has a relatively high share of manufacturing, with many jurisdictions hosting energy-intensive industries or sectors heavily dependent on fossil fuels. Policy changes and technological innovations aimed at decarbonization could offer new investment opportunities, albeit potentially requiring substantial transformation within existing industries.

ASEAN+3: Advancing Regional Financial Cooperation

ASEAN+3 has been enhancing its framework for regional financial cooperation in response to developments in the external environment. Recent efforts have centered not only on reinforcing existing mechanisms for crisis preparedness and promoting the

[Chart 8] Number of Natural Disasters and Related Death Toll



Note: Cumulative total from 1970 to 2019. Includes disasters that resulted in either 10 or more deaths, 100 or more people affected, a declaration of a state of national emergency, or a request for international assistance.

Source: WMO.

circulation of funds within the region but also on expanding into new domains, such as cross-border payment systems and disaster risk management. Key initiatives include the following.

Strengthening CMIM Capabilities

Efforts are underway to enhance the capabilities of the CMIM in responding to external shocks. One notable step involves the introduction of the Rapid Financing Facility (RFF), designed to ensure swift financial assistance in times of extraordinary shocks, such as pandemics or natural disasters.[12]

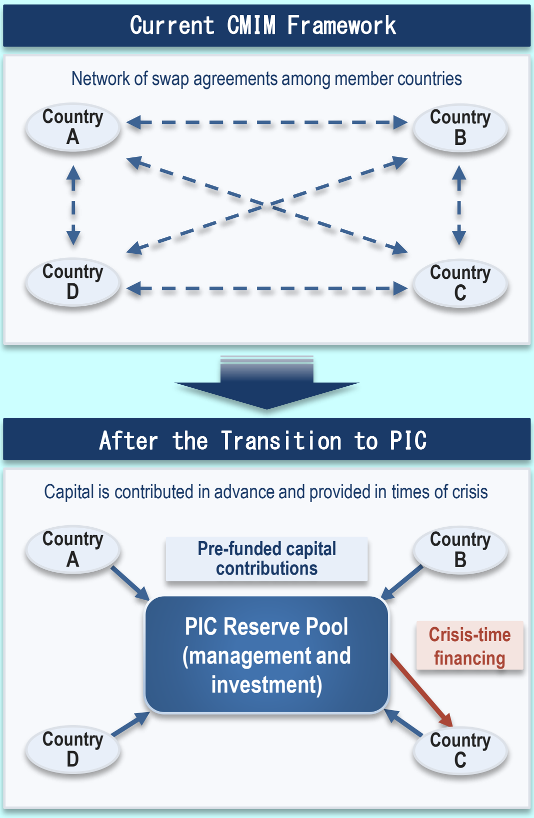
Furthermore, steps are being taken to strengthen the CMIM's financing mechanisms. Currently, the CMIM operates as a network of currency swap agreements based on commitments by each jurisdiction, allowing members to decline participation in emergency lending during crises. This arrangement has raised concerns that the framework may lack effectiveness as a safety net. To address this, the transition to a paid-in capital (PIC) structure, where funds are pooled in advance to ensure the swift allocation of financial resources in emergencies, is under discussion (Chart 9).

ABFMI: Enhancing ABMI

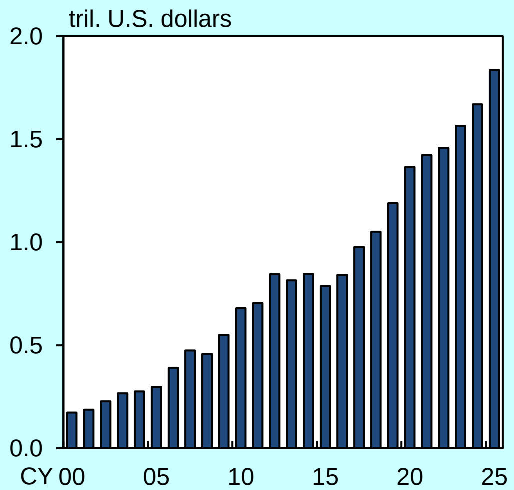
The ABMI has worked to diversify financing channels in the region and make more effective use of regional savings through the development of local currency bond markets. Over this period, Asian bond markets have grown steadily (Chart 10).

More recently, while continuing to place bond markets at the core of its efforts, ASEAN+3 has

[Chart 9] Transition to PIC Structure



[Chart 10] Local Currency Bond Market Outstanding in Emerging Asian Economies



Note: The data covers Indonesia, Malaysia, the Philippines, and Thailand.

Source: AsianBondsOnline.

indicated its intention to expand the scope of initiatives in order to further support the flow of funds within the region. These efforts include the development and improvement of foreign exchange markets, currency swap markets, and frameworks for local currency cross-border settlements. In line with this broader scope, the ABMI is expected to evolve into the Asian Bond and Financial Markets Initiative (ABFMI).

Advancing Cross-Border Digital Payments

Cross-border digital payments have emerged as a new area of collaboration within ASEAN+3. Given the increasing flow of trade and people across borders in the region, promoting secure and efficient cross-border payments can significantly enhance convenience for individuals and businesses, while further supporting regional integration. Interoperable national payment systems could enable faster and cheaper cross-border transactions, such as remittances, business and travel payments.

However, the potential impacts on monetary sovereignty, financial stability, and capital flow management across jurisdictions must be carefully examined. For example, the widespread use of foreign-currency-denominated stablecoins could undermine the use of local currencies and reduce the effectiveness of monetary policy. In periods of market stress, digital platforms could facilitate rapid capital outflows, potentially amplifying exchange rate and financial market volatility. If such fund transfers were to bypass existing regulations or verification procedures, the management of capital flows by jurisdictions could become more difficult.

Promoting Disaster Risk Financing

Regarding natural disasters, ASEAN+3 is developing the Disaster Risk Financing Initiative (DRFI), which aims to reduce the fiscal burden and secure the funds for recovery and reconstruction in times of crisis.

When a large-scale disaster occurs, fiscal spending tends to increase sharply, whereas timely access to necessary funds is not always feasible. This underscores the importance of proactively assessing disaster risks in normal times and facilitating smoother financing in times of crisis. A notable achievement in this area is the establishment of the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) (Chart 11).[13] Moving forward, the initiative seeks to develop tailored strategies and data infrastructure for each jurisdiction, while exploring diverse instruments such as catastrophe bonds. Starting this August, the Asian Development Bank (ADB) will take on the role of the DRFI Secretariat to support these regional efforts.

Future Challenges

As highlighted above, EMEAP and ASEAN+3 have been deepening and advancing regional cooperation in response to changes in the external environment, fully leveraging their respective strengths. The BOJ, for its

[Chart 11] SEADRIF Framework

part, is called upon to proactively contribute to these initiatives and enhance their overall effectiveness. Given the growing interdependence between Japan and the regional economies, the BOJ faces two key priorities in advancing regional cooperation: (i) strengthening engagement in existing regional forums, and (ii) expanding the scope of cooperation with central banks, including through bilateral dialogues.

Strengthening Engagement in Existing Regional Forums

As Asian economies continue to play an increasingly important role in the global economy and international community, it becomes ever more critical for the BOJ to proactively contribute to regional forums and deepen its networks through these engagements.

In this regard, within EMEAP, the BOJ has served as chair of the Monetary and Financial Stability Committee (MFSC), a core deputies-level meeting, for the past two years and plans to continue this role for the next term (2026-2028). To further strengthen its ties with other EMEAP members, the BOJ is also considering hosting training programs for young staff from member central banks.

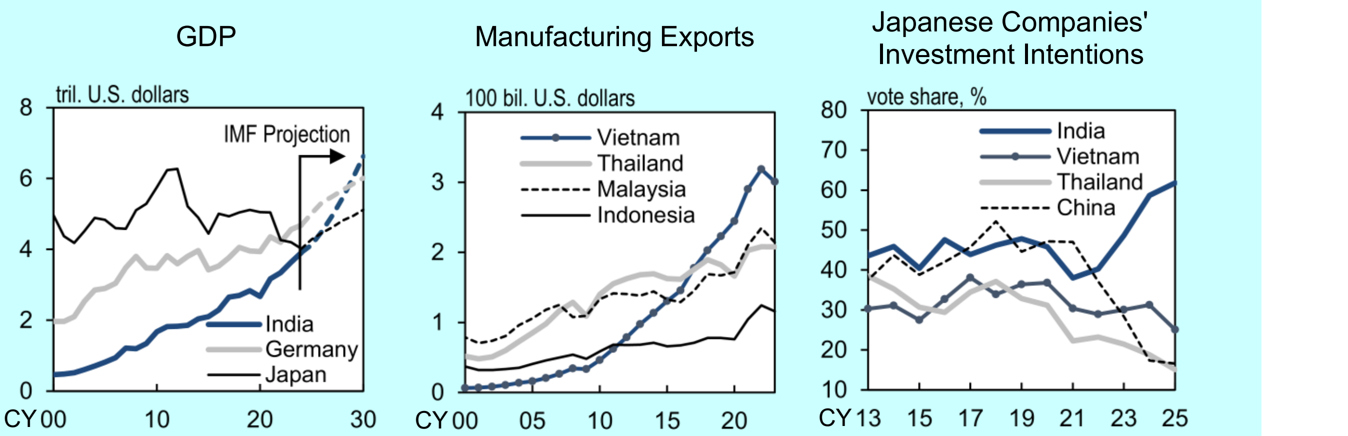
Within ASEAN+3, as co-chair this year, the BOJ organized the first exclusive session for central bank governors and led discussions on cross-border payments. In the coming year, Japan will host the ASEAN+3 Finance Ministers and Central Bank Governors' Meeting alongside the ADB Annual Meeting.

Expanding the Scope of Central Bank Cooperation

Some Asian countries have achieved remarkable growth in recent years, and their economic and financial ties with Japan have strengthened rapidly. Two notable examples are India and Vietnam.

India, though not a member of EMEAP or ASEAN+3, has rapidly gained prominence in the global economy, driven by its sustained high growth rate. Vietnam, also not a member of EMEAP, continues to expand its economic scale, nearly closing the gap with Thailand, one of ASEAN's leading economies, while further strengthening its role as a hub in regional supply chains. These developments have drawn substantial interest in and appetite for investment in both countries from Japanese companies (Chart 12).

[Chart 12] Development of India and Vietnam and Growing Interest Among Japanese Companies



Note: The latest data are for 2024 for the left chart, 2023 for the center chart, and 2025 for the right chart. Japanese companies' investment intentions are based on the JBIC "Survey Report on Overseas Business Operations by Japanese Manufacturing Companies," published annually. The data represent the percentage of responses for each country or region to a multiple-choice question asking Japanese manufacturing companies to identify "promising countries/regions for medium-term business expansion (around the next three years)."

Source: IMF; World Bank; JBIC.

For the BOJ, a key task going forward will be to deepen and broaden relationships with central banks in rising economies, not only through existing regional forums, but also by making use of bilateral meetings and other channels.

Conclusion

This paper has outlined the origins, characteristics, and recent activities of EMEAP and ASEAN+3. EMEAP excels in fostering open and candid exchanges and multilayered networks underpinned by relationships of trust among central banks. Meanwhile, ASEAN+3 has developed more targeted and practical financial cooperation frameworks such as the CMIM and ABMI, shaped by the lessons of the Asian financial crisis.

As Asia continues its rapid economic development, Japan's economic and financial linkages with the region have deepened. At the same time, the region faces further complex challenges, such as geoeconomic fragmentation, supply-side inflationary pressures, digitalization and AI, as well as climate and environmental risks. Against this backdrop, it has become increasingly important to closely monitor economic and financial conditions and policy responses across jurisdictions through regional forums and to advance cooperation aimed at financial stability.

For its part, the BOJ needs to engage more proactively in existing regional forums, while also combining bilateral cooperation to strengthen central bank networks across Asia. Such efforts will not only contribute to the financial stability of the region but also support the stability and further development of Japan's own economy and financial markets.

[*] Currently in the Monetary Affairs Department. The author is grateful to Chikada Ken, Ono Nobukazu, Kawasumi Yusuke, and Ikenaga Shouko for assistance in preparing this Review.

[1] Bank for International Settlements: Established in 1930, the BIS is an international organization that supports monetary and financial stability through international cooperation among central banks. It also serves as the "bank for central banks," providing financial services to central banks.

[2] Executives' Meeting of East Asia-Pacific Central Banks: Established in 1991, EMEAP is a regional forum consisting of 11 central banks and monetary authorities from Australia, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, and Thailand.

[3] BIS Asian Consultative Council: An advisory council established in 2001 to facilitate communication between BIS member central banks in the Asia-Pacific region and the BIS Board and Management.

[4] In this report, EMEAP's strengths were identified as trust, high flexibility, candid dialogue, and a focus on regional issues. For details, see: EMEAP (2025) "30 Years of EMEAP Governors' Meetings: Achievements and Future Priorities."

[5] In 1997, a sharp depreciation of the Thai baht triggered widespread turmoil in the financial markets in Asia. The crisis was attributed to vulnerabilities in the financial systems, particularly reliance on short-term foreign-currency borrowing to fund long-term domestic investments (the so-called double mismatch of currency and maturity). Depreciation of currencies increased the debt burden, amplified financial system instability, and created a negative feedback loop leading to further capital outflows.

[6] For example, a report submitted to the ASEAN+3 Research Group noted strong disappointment in the region with the IMF's crisis response. For details, see Angelo King Institute for Economic and Business Studies (2007) "Toward Greater Financial Stability in the Asia Region: Exploring Steps to Create Regional Monetary Units (RMU)."

The Independent Evaluation Office (IEO) of the IMF also noted that in some cases, conditionality included structural reforms not directly necessary for addressing the crisis. It also identified areas for improvement in the fiscal and monetary policy response during crises. For details, see IMF (2003) "The IMF and Recent Capital Account Crises: Indonesia, Korea, Brazil."

[7] Initially established as a network of bilateral currency swap agreements known as the Chiang Mai Initiative (CMI), it was transformed in 2010 into the Chiang Mai Initiative Multilateralization (CMIM), a single multilateral agreement designed to provide more efficient and timely support. Furthermore, the ASEAN+3 Macroeconomic Research Office (AMRO) was created to conduct regional surveillance of the initiative, and the total funding capacity was doubled from its initial USD 120 billion, signifying continuous efforts to strengthen its framework.

[8] The Asian financial crisis also had a profound impact on EMEAP's activities. In response to growing demands for contributions toward financial stability, EMEAP established the Asian Bond Fund (ABF) in 2001. This initiative aimed to promote the development of Asian bond markets by having central banks directly invest in these markets, thereby serving as a catalyst to attract private investors and support market growth.

[9] Previously, topics for discussion were selected according to the interests of each meeting. Under the new framework, strategic priorities are identified at the Governors' Meeting, based on which the Deputies' Meeting oversee and manage the work programs of the Working Groups. For details, see EMEAP (2025).

[10] For example, the IMF notes that in recent years, foreign direct investment (FDI) in China has declined, while FDI flows to ASEAN have remained strong, driven by global firms diversifying supply chains as well as production and investment locations. For details, see IMF (2025) "Regional Economic Outlook: Asia and Pacific, October 2025."

[11] The ADB, for instance, has highlighted that rapid urbanization and increasing energy consumption in the Asia-Pacific region are exacerbating air pollution, posing severe challenges for public health. Notably, it estimates that around 92% of the region's population faces health risks associated with deteriorating air quality. For more information, see ADB (2019), "Making Urban Asia's Air Cleaner," ADB Briefs No.125.

[12] The Rapid Financing Facility (RFF) is designed to address temporary balance-of-payments difficulties arising from external shocks, rather than from structural issues related to domestic economic fundamentals or policy mismanagement. Unlike the regular CMIM framework, the RFF facilitates expedited access by waiving prequalification requirements and foregoing ex-post conditionalities tied to policy adjustments. These streamlined procedures come with certain limitations, such as reduced access amounts and shorter lending periods.

[13] A regional framework designed to provide disaster insurance and other financial services, enabling Southeast Asian countries to quickly secure the funds necessary for post-disaster recovery and reconstruction. Established in 2019 as a Singapore-based insurance entity under the ASEAN+3 framework, this facility has benefited from Japan's active support since its inception.

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