

JOINT DECLARATION OF THE MACROECONOMIC POLICY AUTHORITIES OF TRANS-PACIFIC PARTNERSHIP COUNTRIES

We, the macroeconomic policy authorities for countries that are party to the Trans-Pacific Partnership (TPP) (Authorities), welcome the ambitious, comprehensive, and high-standard agreement reached by our respective governments in Atlanta.

Acknowledging the importance of macroeconomic stability to the success of the TPP, we decided to strengthen our cooperation on macroeconomic and exchange rate policies. In promoting macroeconomic cooperation, we recognize the diversity of economies in the TPP region and the differences in their levels of development. We also recognize the importance of orienting our fiscal and monetary policies toward meeting domestic objectives, with due regard for the effects of our policies on other TPP countries. We further recognize that allowing real exchange rates to adjust in line with economic fundamentals facilitates smooth macroeconomic adjustment, helps to avoid prolonged external imbalances, and promotes strong, sustainable, and balanced global growth. To this end, our objective is to promote, through transparency and dialogue, market-determined and transparent exchange rate regimes that allow real exchange rates to adjust to reflect underlying economic fundamentals.¹ We further recognize that excessive volatility in capital flows can create policy challenges that may require a policy response.

I. Exchange Rate Policies

Each Authority confirms that its country is bound under the Articles of Agreement of the International Monetary Fund (IMF) to avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage. Each Authority is to take policy actions to foster an exchange rate system that reflects underlying economic fundamentals, and avoid persistent exchange rate misalignments. Each Authority will refrain from competitive devaluation and will not target its country's exchange rate for competitive purposes.

II. Transparency and Reporting

Each Authority will disclose publicly:^{2,3,4,5}

- (a) Each IMF Article IV Staff Report on its country, including the exchange rate assessment, within four weeks of the IMF Executive Board consideration;
- (b) Monthly foreign-exchange reserves data, including forward positions, according to the IMF's Special Data Dissemination Standard ("SDDS") template, no later than 30 days after the end of each month;
- (c) No less frequently than quarterly intervention in spot and forward foreign exchange markets, in a manner that provides appropriate transparency, no later than three months after the end of each quarter;
- (d) Quarterly balance of payments portfolio capital flows, no later than 90 days after the end of each quarter;
- (e) Quarterly domestic "broad" money stock, no later than 90 days after the end of each quarter;
- (f) Quarterly exports and imports, no later than 90 days after the end of each quarter; and
- (g) Confirmation that it is participating in the IMF Currency Composition of Official Foreign Exchange Reserves ("COFER") database.

III. Macroeconomic Policy Consultations

1. *Multilateral dialogue.* The Authorities hereby establish a Group of TPP Macroeconomic Officials (the "Group"). The principal representative of each Authority is to be a senior macroeconomic policy official. The Group is to meet at least annually, or as provided below. This Group is to conduct its meetings in a mutually respectful manner and may consider appropriate modalities for the conduct of the meetings from time to time. Bilateral discussions with respect to Section I or II above do not preclude an Authority from raising such issues with the Group.
2. The Group will, at its annual meetings, consider the macroeconomic and exchange rate policies of each TPP country, especially the effects of such policies on other TPP countries; issues or challenges with respect to transparency or reporting;

and the policy responses which address imbalances. The Group is to prepare and publish reports, communiques, or other documents regarding the meeting and any conclusions that reflect the collective views of the Group.

IV. Independent Input

The Authorities may, on behalf of the Group, invite the IMF or others to provide independent input to the Group, as appropriate.

V. Other Provisions

1. This Declaration becomes effective for each Authority immediately after entry into force of TPP for the country of that Authority.
2. The macroeconomic policy authority of a country seeking accession to TPP is to join this Declaration, subject to such terms and conditions as may be determined between the macroeconomic policy authority of such country and the Authorities.

Annex – Data Definitions

1. **Exchange rate assessment** means the exchange rate assessment as presented by IMF staff to the IMF Executive Board as part of the country's Article IV consultation or as published in the annual External Sector Report, consistent with recommendation 4 in the IMF 2011 Triennial Surveillance Review – Overview Paper, August 29, 2011.
2. **Foreign exchange reserves** means monetary authorities' claims on nonresidents in the form of foreign banknotes, bank deposits, treasury bills, short- and long-term government securities, and other claims usable in the event of balance of payments need as defined in the Balance of Payments Manual 6, paragraphs 6.86-6.92.
3. **Forward foreign exchange contract** means a commitment to transact, at a designated future date and agreed-upon exchange rate, in a specified amount of specified foreign currencies. (Financial Derivatives: A supplement to the Balance of Payments Manual 5 paragraph FD 28.)
4. **Forward positions** means the value of outstanding forward foreign exchange contracts (including futures and swaps).
5. **Intervention** means the purchase or sale of foreign exchange with domestic currency, or the forward purchase or sale of foreign exchange with the domestic currency (including futures and swaps).
6. **Portfolio capital flows** means cross-border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets, as defined in the Balance of Payments Manual 6, paragraphs 6.54-6.57.
7. **Broad money** means a higher ordered monetary aggregate consistent with the Monetary and Financial Statistics Manual (2000), chapter 6.
8. **Exports** means all goods that subtract from the stock of material resources of a country by leaving its economic territory (United Nations: International Merchandise Trade Statistics: Concepts and Definitions (2010), chapter 1, section A 1.2).
9. **Imports** means all goods that add to the stock of material resources of a country by entering its economic territory (United Nations: International Merchandise Trade Statistics: Concepts and Definitions (2010), chapter 1, section A 1.2).

Endnotes

1. We are all members of the International Monetary Fund (IMF), and this Declaration is consistent with the rights and obligations under the IMF Articles of Agreement.
2. The Authority of Brunei Darussalam will take the following steps: (1) with regard to subparagraph II(a), the Authority of Brunei Darussalam will, within eight weeks after the IMF Executive Board has considered the IMF Article IV Staff Report, publish its Article IV Press Release and only appropriate parts of its IMF Article IV Staff Report's exchange rate assessment; (2) with regard to subparagraph II(b), the Authority of Brunei Darussalam will submit the data no later than 60 days after the end of each month; and (3) with regard to subparagraph II(d), the Authority of Brunei Darussalam will take steps to more regularly publish balance of payments capital flows data, making best efforts to do so within 90 days after the end of each quarter. Subparagraph II(g) does not apply to the Authority of Brunei Darussalam.
3. The Authority for Malaysia will fulfil the disclosure of intervention data under subparagraph II(c) by publicly disclosing net purchases of foreign exchange with domestic currency in the spot and forward foreign exchange markets, on an aggregated basis over a period of six months in a manner that provides appropriate transparency, no later than six months after the end of each such period.
4. Recognizing Singapore's conduct of its exchange rate-centred monetary policy, Singapore's Authority will fulfil the disclosure of intervention data under subparagraph II(c) by publicly disclosing net purchases of foreign exchange with domestic currency in the spot and forward foreign exchange markets, on an aggregated basis over a period of six months in a manner that provides appropriate transparency, no later than six months after the end of each such period.
5. Vietnam will fulfill (i) subparagraph II(b) by sharing the semi-annual foreign exchange reserves data under the short SDDS template, 30 days after the end of each such reporting period, beginning in 2022; (ii) subparagraph II(c) by publicly disclosing the net positive purchases of foreign exchange with domestic currency in the spot and forward foreign exchange markets, on an aggregated basis over a period of six months, in a manner that provides appropriate transparency, no later than six months after the end of each such reporting period; (iii) subparagraph II(g) by participating in the COFER database, beginning in 2022.