**PRESS RELEASE**

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**IMF recommends three steps for ASEAN to survive current global economic challenges**

**JAKARTA, SEPTEMBER 5, 2023 -** Managing Director of International Monetary Fund (IMF) Kristalina Georgieva recommended three main steps that can be taken by ASEAN state members to enable them to continue to survive through the current complex economic challenges, including inflationary pressures and liquidity tightening.

Georgieva said that ASEAN countries were quite affected by the COVID-19 pandemic, particularly in terms of their economic growth.

"ASEAN was quite affected because it was projected to grow so strongly before the pandemic and this growth has dropped by half. The result is the loss of potential output of eight percent. So, this is one significant consequence of what we have been leading to," she explained at the ASEAN-Indo-Pacific Forum (AIPF) at Mulia Hotel in Jakarta on Tuesday (5 Sept 2023).

ASEAN, she continued, has also suffered from the interruption of supply chains due to the pandemic and the Ukraine war. Such an interruption has put more pressure, crisis, and inflation in most advanced economies in emerging markets, including ASEAN member states.

Moreover, the IMF Director said the interest rate is expected to stay high all the way to 2024, and possibly until 2025, and that will certainly have consequences to ASEAN, one of which is in terms of currency strength. Therefore, Georgieva emphasized that ASEAN should continue to grow dynamically to survive the current global economic challenges.

"It (ASEAN's growth) is a great spot on the rather dim horizon. Global growth this year reached 3 percent, and ASEAN has reached 4.6 percent of growth which is going to continue until next year," she pointed out. "Sustaining growth momentum is very important."

The IMF Director then recommended three main steps for ASEAN state members to sustain what she called "sound vibrant growth".

First, she suggested ASEAN state members to maintain macroeconomic and financial stability to ensure consumers' and investors' confidence.

"This (the confidence) has served you well before the pandemic, and it needs to remain so," she said.

Second, Georgieva recommended that ASEAN governments invest more in education and skills.

"ASEAN people have to have the skills for tomorrow because we know that AI (artificial intelligence) has already existed," she said, adding that people of the region need to have skills that cannot be replaced by AI in the near future.

Lastly, Georgieva suggested ASEAN state members to invest in digital connectivity and a green economy.

"There is no future without it. That has to be done," she stated.

The ASEAN-Indo-Pacific Forum (AIPF) is held at the Mulia Hotel, Jakarta, on 5-6 September in parallel with the 43rd ASEAN Summit and the East Asia Summit. It hosts leaders’ talks, fireside chats, panel discussions with captains of industry, project showcasing and business matching sessions.

The forum also serves as an inclusive platform for ASEAN state members and partners, mainly from the public and private sectors, to engage in constructive discussions, identify potential tangible projects, and promote collaboration in the Indo-Pacific.

Three major future issues, namely green infrastructure and resilient supply chains, digital transformation and creative economy, and sustainable and innovative financing, takes center-stage in the discussions and showcased projects.

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