

Fourth ASEM Public Debt Management Forum
14 -15 December 2005
HM Treasury, London, United Kingdom
Chairman's note

Summary of Proceedings

1. The fourth Public Debt Management Forum of the Asia Europe Meetings was co-hosted by the United Kingdom (UK) and the People's Republic of China (China). The forum was held in Her Majesty's Treasury, London, on 14-15 December 2005.

2. The forum was opened and participants welcomed by:

Mr Ivan Lewis, Economic Secretary to the Treasury, HM Treasury, UK

Mr Zhou Cheng Yue, Deputy Director-General, Treasury Department, Ministry of Finance, China

3. As well as the UK and China, participants attended from Denmark, Finland, Germany, Indonesia, Italy, Japan, South Korea, Malaysia, Netherlands, Poland, Singapore, Sweden, Thailand and the International Monetary Fund (IMF). The forum was chaired by Mike Williams, former CEO of the UK Debt Management Office, and now an independent consultant.

4. Three main topics were discussed.

The relationship between public debt management and monetary and exchange rate policies

5. Papers were given by:

- Mr Zhou Cheng Yue, Treasury Department, Ministry of Finance, China
- Mr Peter Jacobs, International Directorate, Bank of Indonesia, Indonesia
- Mr Muller Sagala, Directorate of Government Securities Management, Ministry of Finance, Indonesia

6. This session provided an opportunity to discuss different countries' perspectives on the formulation and implementation of monetary and exchange rate policies and their coordination with public debt management policy. Issues that were discussed included: implementing strategies to ensure public debt management policy did not jeopardise the ability of central banks to achieve their own policy objectives; structures for coordinating monetary policy and debt management policy; the definition of appropriate rules within the fiscal framework; operational issues arising in the management of cash market liquidity; and the development of markets for government debt instruments.

Governance issues in public debt management

7. Papers were given by:

- Ms Maria Cannata, Director General of Public Debt Management, Ministry of Economy and Finance, Italy
- Ms Caroline Kollau, Head of Strategic Policies and Research, Dutch State Treasury Agency, Ministry of Finance, Netherlands

- Mr Gerhard Schleif, Managing Director, Public Finance Agency, Germany

8. This session presented case studies covering different approaches to the institutional arrangements for public debt management. Discussion following the presentations focused on the relationship between the public debt management office or agency and the Ministry of Finance; and also with the central bank; the relationship between fiscal and debt management policy; the organisation and responsibilities of debt offices; the management of risk, including the use of derivatives; and the measurement of performance. The importance of accountability was a continuing theme.

The relationship between the public sector balance sheet and debt management strategy

9. Papers were given by:

- Mr Bo Lundgren, Director General, Swedish National Debt Office, Sweden
- Mr Arnaud Mars, Head of Policy, Debt Management Office, UK
- Ms Lisbeth Stausholm Zacho, Deputy Head of Government Debt Management Financial Markets, Danmarks Nationalbank, Denmark

10. The focus of this session was on approaches to managing the government's balance sheet to reduce overall risk exposure and on the relationship between a government's debt management objectives and the wider objectives for the balance sheet of both central government and the central bank. A range of issues were discussed including asset and liability matching; structuring and investing foreign currency assets, including how best to take account of foreign currency reserves in balance sheet management; the role of fiscal insurance; the management of guarantees; and some of the governance questions that arise.

11. At the conclusion of the discussions, the Chairman, on behalf of all the participants, thanked the co-hosts and for their hospitality throughout the forum.

Mike Williams, December 2005