



# Monthly International News

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Issue 06/ 2009

June 2009

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## **IPSASB Reaffirms its IFRS Convergence Strategy with Emphasis on Financial Instruments**

At its May 18–21 meeting in Washington DC, the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC) reaffirmed its commitment to its global convergence program and the development of standards dealing with financial instruments.

The IPSASB confirmed that it will continue its full consultation on exposure drafts (EDs): ED 37, *Financial Instruments: Presentation*, ED 38, *Financial Instruments: Recognition and Measurement*, and ED 39, *Financial Instruments: Disclosures*, while recognizing the intention of the International Accounting Standards Board (IASB) to modify aspects of its current standards relating to the measurement of financial instruments. The IPSASB will consider any changes ultimately adopted by the IASB in due course.

“The IPSASB believes the public sector and its constituents are best served by having International Public Sector Accounting Standards (IPSASs) on financial instruments and

removing reliance on the hierarchy at this time. The IPSASB strategy will provide stability for users and allow the IPSASB to manage the current period of uncertainty. The current global financial crisis underlines the importance of consistent financial reporting by governments of their exposures to financial instruments,” states Mike Hathorn, Chair of the IPSASB.

### **How to Comment**

Comments on EDs 37–39 are requested by July 31, 2009. The EDs may be viewed by going to [www.ifac.org/EDs](http://www.ifac.org/EDs). Comments may be submitted by email to [EDComments@ifac.org](mailto:EDComments@ifac.org) and [stepheniefox@ifac.org](mailto:stepheniefox@ifac.org). They can also be faxed to the attention of the IPSASB Technical Director at +1 (416) 977-8585, or mailed to the IPSASB Technical Director at 277 Wellington Street West, 4th Floor, Toronto, Ontario M5V 3H2, Canada. All comments will be considered a matter of public record and will ultimately be posted on the IFAC website.

<http://www.ifac.org/MediaCenter/?q=node/view/649>

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### **ASEAN-Korea FTA on Investment Signed**

ASEAN and South Korea completed their Framework Agreement on Comprehensive Economic Cooperation with the signing of the ASEAN-Korea Investment Agreement in Jeju Island, Tuesday.

The signing of the agreement was held during the ASEAN-Republic of Korea Commemorative Summit which ended here Tuesday.

Minister of International Trade and Industry Datuk Mustapa Mohamed signed the Agreement on behalf of Malaysia.

The signing of the agreement at the Jeju International Convention Centre here was witnessed by Prime Minister Datuk Seri Najib Tun Razak, all the other ASEAN leaders and Korean president Lee Myung Bak.

Ministry of International Trade and Industry (MITI) in a statement here today said this Investment Agreement complements the Trade in Goods Agreement which was signed on Aug 26, 2006 and Trade in Services Agreement on Nov 21, 2007.

It will promote investment flows and create a liberal, facilitative, transparent and competitive investment regime in ASEAN and Republic of Korea through:

- ▶ progressively liberalising the investment regime;
- ▶ creating conducive environment for ASEAN and Republic of Korea's investors and their investments;
- ▶ promoting cooperation on a mutually beneficial basis;
- ▶ encouraging and promoting the flow of investments and cooperation between ASEAN and Republic of Korea;
- ▶ improving transparency of investment rules; and

► providing for the protection of investments.

"The Agreement incorporates a review mechanism to improve the transparency of investment rules and to discuss progressive liberalisation of the investment regimes of ASEAN and Republic of Korea," it said.

It will come into force after at least one of ASEAN Member states and Korea have ratified and notified each other.

The Investment Agreement will facilitate and encourage investments between Malaysia and Republic of Korea, promote Malaysian outward investment to the region and further facilitate the integration of Malaysian companies into the regional economy.

According to MITI, Korean investments in Malaysia in the manufacturing sector amounted to US\$55.5 million (RM184.8 million) in 2008 and US\$325.2 million (RM1.2 billion) in 2007.

Malaysia's investments as in Korea, as reported by Bank Negara Malaysia, was US\$ 16.7 million (RM55.6 million) in 2008 compared with US\$6.9 million (RM23.7 million) in 2007.

[http://www.bilaterals.org/article.php3?id\\_article=15196](http://www.bilaterals.org/article.php3?id_article=15196)

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### **IFAC Board Organizes G-20 Accountancy Summit; Focuses on Initiatives to Strengthen the Profession**

During its meeting in Dublin, Ireland, last week, the Board of the International Federation of Accountants (IFAC) agreed to hold a G-20 Accountancy Summit on July 23-24 in London to obtain the perspectives of accountancy institutes on how the profession can best contribute to strengthening the global financial system.

"Our goal is to identify and summarize the collective viewpoints of IFAC and accountancy institutes in G-20 countries and to submit these to the G-20 Working Groups prior to their September meeting," says IFAC President Robert Bunting. "This will be a follow up to IFAC's letter to three G-20 Working Groups in March, in which we indicated our support of their recommendations to implement international standards, improve the international regulatory framework, and strengthen the roles of the International Monetary Fund and the World Bank."

During the meeting, Board members considered the implications of the financial crisis and heard reports from the chairs of IFAC's independent standard-setting boards on their initiatives to update and develop new international auditing, education, ethics, and public sector accounting standards, particularly in those areas that would help the profession to address issues related to the financial crisis, and to adopt and promote their adoption and use by a wide group of stakeholders. Such adoption and implementation is vital to improving the transparency of the financial system and is consistent with G-20 recommendations.

In addition, the Board discussed how IFAC can best support small and medium practices, including assisting them in addressing issues emerging from the financial crisis and increasing awareness of the role of professional accountants in business in risk management, corporate governance, and transparent financial reporting.

"In addressing the current financial crisis, IFAC has remained focused on its commitment to serving the public by strengthening the profession and working together with other

constituencies-business leaders, governments, international organizations, and regulators-to strengthen financial reporting and auditing," emphasizes Mr. Bunting.

<http://www.ifac.org/MediaCenter/?q=node/view/650>

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### **Specialist Says Watchdog Needed for NZ auditors**

New Zealand needs an independent body overseeing auditors, and could be penalised for the lack of oversight, says accounting specialist Professor David Hay.

"There is wide-ranging opinion on whether it is actually necessary to establish an independent regulator...but I am an advocate of such a move," said Prof Hay, head of Auckland University's department of accounting and finance.

He warned New Zealand could face "alienation" by foreign auditors, and even a down-graded credit rating for some companies, if it did not have a credible local equivalent of the United States' public company accounting oversight board.

"If we don't do something, then it could be that overseas auditors will not recognise work done in New Zealand," he said.

"It could also affect the credit ratings of New Zealand companies as well.

"Those are developments we don't need at this time of economic turmoil, and something has to be done soon so that our auditing systems are respected around the world."

Prof Hay said auditors had traditionally been self-regulating, with professional institutes such as the New Zealand Institute of Chartered Accountants handling standards and discipline.

But other countries had established independent regulators, and there are now 31 countries in the international forum of independent audit regulators.

\*This is a truncated version of the article. For the full article, please go to

<http://clearnet.co.nz/news/business/2009Jun/f8768729-f69c-42c5-90e0-968bf4054404.html>

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### **IFAC Applauds US Administration's Support for Global Accounting Standards in US Financial Reform Proposal**

The International Federation of Accountants (IFAC) applauds the call by the US President for urgent progress toward the "development of a single set of high-quality global accounting standards." These standards were one element of the proposal for regulatory reform, issued at a press conference on Wednesday, that Mr. Obama called "necessary to avoid another financial crisis."

"The president's acknowledgment of the importance of developing a high-quality set of global accounting standards reflects the importance of global standards and a level playing field in financial reporting," says Ian Ball, Chief Executive Officer, IFAC. He also noted that the US position is consistent with the G-20's call for "substantial progress by year-end 2009." IFAC

wrote to the G-20 in support of convergence to global standards before their meeting in London last April.

Convergence to global standards is an idea that IFAC supports strongly-not only in accounting but also in auditing, ethics, and public sector accounting standards, all of which are important to the functioning of global capital markets.

The complete White Paper issued by Mr. Obama's office, prepared by the United States Treasury Department, can be found at [http://www.financialstability.gov/docs/regs/FinalReport\\_web.pdf](http://www.financialstability.gov/docs/regs/FinalReport_web.pdf).

<http://www.ifac.org/MediaCenter/?q=node/view/652>

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### **Trade Groups Aim to Influence Accounting Standards (USA)**

Nine trade groups representing the financial, insurance, banking, real estate and other industries have united to create a coalition with the goal of influencing accounting standard-setters who are working on revising the rules for financial instruments.

The new coalition, known as the Financial Instruments Reporting and Convergence Alliance, or FIRCA, aims to influence the ongoing convergence efforts of the Financial Accounting Standards Board and the International Accounting Standards Board, and their efforts to address the financial crisis. FIRCA includes the American Council of Life Insurers, the Commercial Mortgage Securities Association, the Council of Federal Home Loan Banks, the Financial Services Roundtable, the Group of North American Insurance Enterprises, the Mortgage Bankers Association, the Property Casualty Insurance Association of America, the Real Estate Roundtable and the U.S. Chamber of Commerce.

They plan to engage FASB and the IASB on a series of projects to reform accounting standards associated with the financial crisis.

“The drive to revise accounting standards for financial instruments is gaining fresh momentum both in the United States and internationally,” said GNAIE executive chairman Jerry de St. Paer. “These developments make it essential for the insurance industry and other affected businesses to provide input, assistance and perspective to U.S. and international standard-setters that will enable them to develop high-quality, robust standards. Our new coalition will help attain those goals.”

Last week, the Obama administration announced regulatory reform measures, including reviews of accounting rules and an acceleration of accounting reforms related to the financial crisis. In April, the Financial Crisis Advisory Group, a joint committee of FASB and IASB, wrote to G-20 leaders informing them of efforts to overhaul accounting rules.

The FCAG projects include efforts to replace, update or converge the current accounting standards for financial instruments, consolidation, and derecognition. Some of those projects are expected to be completed by the end of this year.

De St. Paer said that members of FIRCA are committed to two goals:

- Supporting the adoption of joint IASB-FASB international, high-quality, robust accounting standards. These standards should be decision-useful, reliable and relevant. Additionally, these standards should present financial information in a manner that is reflective of the business operations of an entity. Appropriately crafted standards should transparently provide information and not drive economic activity.
- Assisting standard-setters in providing a wide range of input to ensure the proper consideration of business operations and potential unintended consequences in the development and implementation of accounting standards.
- Recognizing that the financial crisis is global in scope and magnitude, to work with standard-setters and decision-makers to ensure that these projects are conducted jointly to ensure a comprehensive response to financial reporting policies.

<http://www.webcpa.com/news/Trade-Groups-Aim-Influence-Accounting-Standards-50815-1.html>

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### **ASEAN-Canada Trade, Investment Pact Closer**

Asean and Canada will soon finalise consideration of a Trade and Investment Framework Agreement (TIFA), preparing the way for free-trade agreement negotiations.

Nuntawan Sakuntanaga, director-general of the Trade Negotiations Department, said yesterday the agreement would promote trade, service and investment growth between Asean and Canada.

"It would be particularly beneficial for closer cooperation between the government and private enterprise, in particular small and medium-sized enterprises," she said.

Nuntawan said the TIFA would focus on technology development and exchange of know-how in industry, tightening cooperation in six main areas.

First, to expand it at senior official level; second, the promotion of trade and investment, focusing on SMEs; and third, working with the World Trade Organisation and the Asia-Pacific Economic Cooperation forum.

The fourth area is to increase competitiveness on trade and investment, in particular customs and cross-border trading control, and on knowledge of trade and investment regulations. The fifth is to promote private enterprises, and the sixth is to expand cooperation on trade and investment policies.

[http://www.bilaterals.org/article.php3?id\\_article=15439](http://www.bilaterals.org/article.php3?id_article=15439)

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