



2016 APEC Finance Ministerial Meeting

Lima, Peru 15 Oct 2016

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2016 APEC JOINT FINANCE MINISTERIAL STATEMENT

1. We, the Finance Ministers of the economies of Asia-Pacific Economic Cooperation (APEC), convened our 23rd meeting in Lima, Peru on 15 October 2016 under the chairmanship of Dr. Alfredo Thorne, Minister of Economy and Finance of Peru.

Global and Regional Economy

2. The APEC Finance Ministers Process (FMP) serves as a platform for the cooperation and exchange of policy responses between our economies. In that context we discussed the global and regional economic and financial outlook and shared our views on appropriate policy actions. These discussions will continue to be a feature of all FMP meetings.
3. Our region, a major and dynamic engine of global growth, is facing several complex challenges that weaken growth and the recovery of our economies. The economic environment is characterized by low commodity prices, more volatile financial conditions, slowdown in trade accompanied by protectionist voices and the varying pace of growth and adjustments in different economies. We recognize that to achieve strong, sustainable, balanced and inclusive growth in the region, will require using all available policy tools (monetary, fiscal and structural), individually and collectively.
4. On the fiscal side, we will continue to implement our policies flexibly, taking into account short-term economic conditions and individual capacities, so as to support economic growth and job creation, while ensuring fiscal sustainability.
5. On the structural side, we reaffirm our commitments to address weaknesses in our economies and unleash new sources of potential growth, including through new structural reform actions and fulfilling existing reform commitments. We recognize that structural reform is an important instrument to foster medium-term economic growth and reverse the recent slowing down in our economies, which can be applied flexibly depending on countries' circumstances and macroeconomic situation. In that sense, we encourage all APEC economies to be ambitious in the implementation of the Renewed APEC Agenda for Structural Reform.
6. We reaffirm our previous commitments on monetary and exchange rate policies. We will refrain from competitive devaluation, resist all forms of protectionism and not target our exchange rates for competitive purposes. We reiterate that excess volatility and disorderly movements in exchange rates can have adverse implications for economic and financial stability.

Strengthening Public Policy

7. Under the FMP 2016 theme of “Strengthening Public Policy for an Integrated and Resilient Asia-Pacific Region”, we agree to the Strategy for Modernization of Finance Ministers’ Process (Annex A) and the Strategy for Implementation of the Cebu Action Plan (Annex B). We believe that both strategies will lay the foundations to ensure concrete outcomes through our forum to facilitate implementation of meaningful reforms in our economies that take into account their level of development and domestic circumstances.
8. We will chart APEC-wide progress on the implementation of the Cebu Action Plan (CAP) in 2018 and 2020, having regard to the non-binding and voluntary nature of the CAP.
9. We commend ABAC for its contributions in 2016 for the implementation of the CAP, including the activities undertaken in the Asia-Pacific Financial Forum (APFF) and the Asia-Pacific Forum on Financial Inclusion. We welcome ABAC’s report and recommendations on access to finance, infrastructure investment, capital markets, and health and disaster risk financing. We encourage relevant authorities to collaborate with the private sector in advancing them in 2017.

Investment in Infrastructure

10. We remain committed to promote investment in well-designed, sustainable and resilient infrastructure in the Asia Pacific region, in line with Pillar 4 on Accelerating Infrastructure Development and Financing of the CAP, as a way to enhance economic growth, boost productivity and promote job creation.
11. We will strengthen cooperation with the Global Infrastructure Hub (the Hub) through the Collaboration Action Plan between APEC member economies and the Global Infrastructure Hub (Annex C). This action plan establishes a non-exclusive framework that promotes the implementation of activities to pursue the quality improvement of investment opportunities.
12. We recognize the advances made this year in order to develop the PPP Knowledge Portal, as established in the initiative 4A of the CAP. To avoid any duplication between knowledge-sharing platforms, we agree to link the PPP Knowledge Portal to the Hub’s existing knowledge platform. As appropriate, the Hub’s knowledge platform will also be linked to relevant tools and resources developed through the APEC Finance Ministers Process. In that sense, we encourage APEC member economies to become early adopters of the PPP Knowledge Portal by providing relevant information to the Hub’s knowledge platform. We also commend those member economies that have already expressed interest in supporting this initiative.
13. We encourage our economies to support and actively collaborate with other relevant initiatives such as the International Infrastructure Support System (IISS), a global infrastructure cloud based platform administered by the Sustainable Infrastructure Foundation. We will collaborate in 2017 with this organization to develop interoperability between the APEC PPP Knowledge Portal and IISS to improve the public sector user experience towards well-prepared projects.
14. In line with the 2013 APEC Joint Finance Ministerial Statement, we highlight the importance of implementing the APEC Network of PPP Centers to exchange information, share best practices and help align standards among PPP centers. In that sense, we encourage the implementation of this initiative in 2017 with the appropriate support from the World Bank Group (WBG), the Asian Development Bank (ADB), the Organization for Economic Cooperation and Development (OECD) and the Asia-Pacific Infrastructure Partnership. Among the activities to be developed under the network are peer-to-peer technical exchanges, secondments, roundtable discussions, study visits and policy dialogues.

Financial Inclusion

15. We are convinced that the implementation of financial inclusion policies within the framework of financial stability has a positive impact in the economic growth and the income distribution of our economies. We are committed to deepen our efforts to expand financial inclusion and financial literacy, in line with Pillar 1 on Promoting Financial Integration of the CAP.
16. We acknowledge the importance of institutional frameworks within our economies to develop financial markets that effectively benefit all segments of the population. In that sense, the design and implementation of domestic strategies for financial inclusion are essential to ensure the continuity of financial inclusion policies and contribute to close inequality and poverty gaps. We encourage each economy to develop and enhance these strategies, considering their own particular economic and social conditions, as well as the WBG’s guidelines, insofar that is possible.
17. As important components of domestic strategies, we will focus our work on the promotion of a digital ecosystem for financial services, the development of financing mechanisms for micro, small and medium enterprises (MSMEs), and the design and implementation of financial literacy policies building on the expertise and standards developed by the OECD/International Network on Financial Education. In line with our Cebu Action Plan, we look forward for the development of a report on financial literacy in APEC to support that effort.
18. We will collaborate in 2017 with the Better Than Cash Alliance, a United Nations-based partnership of governments, companies and international organizations, to drive inclusive and responsible digital payment ecosystems in APEC member economies.
19. We recognize activities organized through the Financial Infrastructure Development Network (FIDN) during the year with the aim of fostering more secured transactions and credit information systems.

Disaster Risk Financing and Insurance

20. We recognize the relevance of data collection on risk components (hazards, exposure and vulnerability) and insurance, as an early stage to substantially increase insurance penetration and to develop advanced techniques and instruments to effectively address and reduce the costs of disaster risks, in line with the Pillar 3 on Enhancing Financial Resiliency of the CAP.
21. In order to identify and implement appropriate regional disaster risk financing mechanisms and to help increase insurance penetration, we welcome the establishment of the Working Group on Regional Disaster Risk Financing Solutions for APEC Economies, with the support of the WBG. We encourage more economies and international organizations to join this initiative. We take note of the advances made by the WBG about standard best practice methodologies for collection of public assets exposure and catastrophe risk insurance databases and we look forward to the first results of the studies at the end of 2017.
22. We also welcome the creation of the Insurance Development Forum (IDF) this year, a public-private partnership formed by the insurance industry, the United Nations and the WBG. This international platform can be useful for exchanging experiences between different economies and helpful to ensure further development of the insurance markets, in coordination with the private sector. In that sense, we will work next year with this organization to identify areas of future collaboration.

Other Issues

23. We are committed to deepening our efforts to tackle tax avoidance and evasion in the Asia Pacific region, critical to this effort is the exchange of information between tax administrators. In that sense, we encourage APEC economies to strengthen the integrity of their tax systems by adopting the internationally agreed tax transparency standards and signing relevant instruments such as the OECD Convention on Mutual Administrative Assistance in Tax Matters (MAAC) and the OECD Competent Authority Agreement on the Exchange of Country by Country Reports.

24. We welcome the establishment of the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS), where all jurisdictions that commit to the BEPS project can work on equal footing to facilitate the widespread and consistent implementation of BEPS measures. We recognize that developing economies still face internal challenges in building capacity and implementing the necessary legal frameworks. We call for the continued support of international organizations and developed economies to help to overcome these issues, and in this regard we welcome the upcoming regional meeting on BEPS organized by the OECD and hosted by the ADB in the Philippines in December.
25. We welcome the progress made this year regarding the development of the Asia Region Funds Passport (ARFP) with the signing of the Memorandum of Cooperation by five participating APEC economies. We encourage these economies to implement domestic arrangements before 2018. The Passport has the potential to drive new sources of economic growth within the region so we also call on more APEC economies to participate in this initiative.
26. We reiterate our Leaders' commitment to rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption while still providing essential energy services. We express our appreciation to the ten economies which have volunteered to undergo a voluntary inefficient fossil fuel subsidy peer review in APEC and the G20. We support future joint work in 2017 with the Energy Working Group (EWG) on capacity building.
27. We are supportive of the work being undertaken in the other APEC work streams on the APEC Services Competitiveness Roadmap and we encourage discussions among interested parties on the state of financial services openness, consistent with the CAP.
28. We invite the Senior Finance Officials to identify areas in which possible collaboration with the APEC Economic Committee could take place in 2017.
29. We welcome continued dialogue with the APEC Life Science and Innovation Forum and Health Working Group on ways to address the fiscal and economic impacts of ill-health in 2017.
30. We also appreciate the efforts of the ADB, the International Monetary Fund, OECD and WBG in supporting the FMP work during this year.
31. We thank Peru for hosting the APEC Finance Ministers' Process this year. We will meet again for our 24th meeting in Quang Nam - Da Nang, Vietnam in October 2017.

Resources

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