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Summary of Recent Interactions Between FMP and SOM

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To enhance interaction between the FMP and SOM processes, we invited a representative of 2014 SOM Chair to attend the APEC Finance Deputies' Meeting(FDM) in Bo'ao, Hainan, China to brief the overall work plan of APEC 2014. Per the invitation of 2014 APEC SOM Chair, and on behalf of FDM Chair Vice Minister Shi Yaobin, Ms. Zheng Quan, Deputy Director General of Ministry of Finance, China(CMOF) attended the 1st SOM held on 27-28 Feb. 2014 in Ningbo, and briefed APEC senior officials on the outcome of the FDM in Bo'ao. Below is a brief summary of Ms. Zheng's presentation and interaction with SOM officials

The FMP in 2014 is focusing on: 1. the current economic situation and outlook; 2. cooperation on infrastructure investment and financing; 3. fiscal and taxation policy and reform for economic restructuring; and 4. improving financial services for regional real economy.

Finance Deputies felt that the economic outlook was positive but some downside risks still loomed and economies needed to deal with risks from a return to normal monetary policy. Deputies recognized that the gap between demand and availability of finance for infrastructure was huge and Public-Private Partnership (PPP) was a useful way to help. The public sector needed to facilitate a favorable environment for PPP, including lowering risks, developing institutional investors and strengthening project planning. A PPP Experts Advisory Panel had been established and held its first meeting. The G20 was also working on this area, making collaboration important.

Deputies had agreed that economic restructuring was key to promoting growth, especially through the fiscal and taxation policies to support SMEs and services sector development, encourage innovation and promote sustainable growth. At the same time economies needed to remain vigilant on fiscal risks. To promote sound economic growth it would be important to attract financial resources to the real economy. Areas to focus on included developing disaster and agricultural insurance, SME financing and supply chain finance.

The design of the FMP policy themes took into account the themes of APEC Leaders' Meeting for 2014, aiming to contribute directly to the Leaders' Meeting and be consistent with previous FMP themes and member economy interests.

Under the FMP in 2014 six seminars were scheduled to support work on the themes. The expected outcomes include: a joint ministerial statement; on infrastructure financing, for economies to showcase successful infrastructure PPPs, strengthen the capacity of existing PPP centres, establish new pilot PPP centres and promote a network of regional PPP centres; and upgrade the Asia-Pacific Finance and Development Centre to an institute to further promote capacity building and offer masters degree programs.

SOM officials of various economies expressed support for the work planned for the FMP in 2014. Progress on developing PPP centres was particularly welcomed. The importance of

continued coordination between the SOM and the FMP was emphasized. Some economies suggested inviting FMP representative to attend the meeting(s) of the newly established Friend of the Chair(FotC) on Connectivity to make the process more productive. The EC Chair noted that the EC and FMP worked on similar issues but from different perspectives making greater contact between the two groups important.

The SOM Chair noted the great emphasis that the FMP placed on infrastructure financing, increasing regional financial cooperation and developing financing channels. He hoped for continuing close cooperation to support tangible results.

In light of the above, CMOF official as representative of APEC FMP 2014 will continue to attend future SOMs as well as meeting(s) of the FotC to enhance interaction of FMP with SOM, and we will continue to invite SOM Chair to attend activities under FMP as appropriate. We welcome your suggestions and inputs in this respect.