



**Asia-Pacific
Economic Cooperation**

2019/SOM1/FDM/021

Agenda Item: 9.1

Collaborative Initiative Between APEC and Pacific Alliance of Financial Issues

Purpose: Information
Submitted by: Peru



**Finance and Central Bank Deputies' Meeting
Santiago, Chile
7-8 March 2019**

COLLABORATIVE INITIATIVE BETWEEN APEC AND PACIFIC ALLIANCE ON FINANCIAL ISSUES

Considering the convergence of the agendas of APEC's Finance Ministers' Process and the Pacific Alliance's Finance Ministers' Council, the Ministries of Finance of both sides agree to work together in areas of common interest during the following years, under a non-binding and voluntary basis.

Objectives:

- Enhance economic ties between APEC and the Pacific Alliance.
- Promote economic growth and resilience of our economies.
- Consolidate efforts and avoid duplication of initiatives.

Areas of common interest:

- Capital Market Development: Review strategies implemented to integrate capital markets, increase trade volumes and create new financial products.
- Funds Passport: Enrich the knowledge of regulatory and operational frameworks needed to facilitate and expand cross-border distribution of managed funds.
- Financing mechanisms for Micro, Small, and Medium Enterprises (MSMEs): Encourage the adoption of measures to include MSMEs in the financial system through ensuring stable sources of financing.
- Development of Financial Technology (FinTech): Learn about the implementation of a regulatory framework for the FinTech industry with the aim of reducing costs and expanding access to financial services.
- Taxation of the Digital Economy: Acknowledge the advances made by economies on the implementation of value-added taxes as well as a consensus-based long-term solution that is being developed to address the indirect and direct tax challenges raised by the digital economy.
- Disaster Risk Financing Mechanisms: Analyze the portfolio of available financial instruments for guaranteeing the availability of resources to be used in the event of natural disasters.
- Disaster Risk Insurance of Public Assets: Promote the development of public insurance measures to strengthen the financial tools of economies to face disasters and, in that way, reduce the fiscal impact of these kind of events.
- Adequate preparation of Public Private Partnerships (PPP) projects: Identify best practices for the preparation of specific PPP projects in order to attract private capital into infrastructure investment.
- Financing of Infrastructure Investments: Compare the mechanisms for financing of infrastructure investments, developed or to be developed, on an individual or joint basis, in both regions.

Organization: At the beginning of each year, an Action Plan is prepared to consolidate the collaborative activities, if any, to be undertaken by APEC and the Pacific Alliance

during that period. These activities can be organized between: 1) the Host Economy of APEC and the Pro Tempore Presidency of the Pacific Alliance, or 2) any economy of APEC and any country of the Pacific Alliance.

Activities: The collaboration in every area of common interest could be materialized through the organization of workshops, elaboration of studies, information exchange and experience sharing, among others.

Timeframe: From 2019 to 2022 (4 years). This timeframe can be extended, if required.

**COLLABORATIVE INITIATIVE BETWEEN
APEC AND PACIFIC ALLIANCE ON FINANCIAL ISSUES
Action Plan for 2019**

Funds Passport

- Exchange of experiences between the Asia Region Funds Passport (ARFP) and the Pacific Alliance's Funds Passport ("Pasaporte de Fondos de la Alianza del Pacifico").
- Exchange of information about the regulatory framework adopted for the implementation of the ARFP in the contracting parties.
- Capacity building on other similar initiatives developed or to be developed outside APEC and the Pacific Alliance.

Disaster Risk Financing Mechanisms and Insurance of Public Assets

- Capacity building on disaster risk financing and insurance mechanisms developed outside APEC and the Pacific Alliance.
- Presentation of the joint catastrophe bond (CAT bond) for earthquake protection issued by the Pacific Alliance countries.