

23rd APEC FINANCE MINISTERS' MEETING
14-15 October 2016
Lima, Peru

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.

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Joint Finance Ministerial Statement
Annex A. Strategy for Modernization of the Finance Ministers' Process

In order to provide the Finance Ministers' Process (FMP) with greater impetus for open and action-oriented discussion amongst members, to focus on key deliverables and to better communicate APEC's achievements to the public, we, the APEC Finance Ministers, have agreed to the following strategy:

1. Each host economy will present their proposed priorities and work program, including a tentative timeline for specific deliverables, at the beginning of the year with the aim that Finance and Central Bank Deputies are able to show their support.
2. The initiatives proposed in the work program should be aligned with the previous decisions and action plans of the FMP.
3. During the year, a new issue will only be added to the work program if there is no objection by all members and there is a defined group of economies that will undertake the task.
4. Each FMP meeting should be focused on particular issues where key progress has or can be made rather than discussing the whole work program.
5. The policy discussion at FMP meetings should primarily be member led, with inputs from international organizations, as appropriate.
6. The Joint Finance Ministerial Statement should be action-focused, avoiding long, repetitive and technical language, excessive noting of reports and references to achievements of other international fora, and will include issues only where there is something significant or new to report.
7. The policy initiatives created in the FMP framework should be strengthened through the constant evaluation of its objectives, functions and progress, in order to enrich the forum's work and avoid duplication of activities.
8. The SFOM Chair will reach out to chairs of other economic forums, international organizations and other major APEC committees each year to shape and align work programs, where appropriate, to ensure the respective agendas are complementary, strengthen each other and avoid duplication.
9. The session of global and regional economic and financial outlook will be a standing item on all FMP meeting agendas, with a summary of these discussions to be captured in the Joint Finance Ministerial Statement.

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Joint Finance Ministerial Statement
Annex B. Strategy for Implementation of the Cebu Action Plan

The Cebu Action Plan (CAP) was adopted on September 11, 2015 in Mactan, Cebu, Philippines, as a voluntary and non-binding 10-year roadmap for the Finance Ministers' Process, with the goal of building an APEC community that is more financially integrated, transparent, resilient and connected.

In order to undertake its implementation, we, the APEC Finance Ministers, have agreed to the following strategy:

1. Encourage each economy, on a voluntary and non-binding basis, to:
 - a. by the start of 2017, to choose 1 to 3 initiatives/deliverables set out in the CAP for its implementation¹ before the end of 2018 (first package) and, on a second stage, to choose additional 1 to 3 initiatives by the end of 2018, with a goal for implementation before the end of 2020 (second package); if possible, each chosen initiative/deliverable should cover a different pillar of the CAP in order to ensure the implementation of the roadmap comprehensively; and/or
 - b. to provide technical assistance to other APEC economies in certain policy areas of the CAP in which the former has achieved progress (champion economies), if applicable.
2. Also encourage the implementation of other initiatives/deliverables that also consider long term goals, especially those regarding structural reforms that may contribute to the CAP's 10-year goal. If appropriate, economies may cross-reference their priorities on the APEC structural reform agenda, including the Renewed APEC Agenda on Structural Reform (RAASR) to demonstrate their progress in this area.
3. Encourage each economy to use qualitative or quantitative indicators for measuring the progress in the implementation of the initiative/deliverable chosen (benchmark for each economy), as appropriate.
4. Encourage each economy that sets these goals to report on its own progress in achieving its first package by the end of 2018 and its second package by the end of 2020.
5. Encourage collaboration with the private sector during the implementation of the chosen initiatives/deliverables, including the dialogue with the APEC Business Advisory Council (ABAC) and the Asia Pacific Financial Forum (APFF).
6. The international organizations are encouraged to identify some areas of the CAP in which they could provide technical assistance.
7. At the end of 2020, the Senior Finance Officials will report on the progress of the CAP's implementation to the Finance Ministers. This report will serve to provide assessment and orientation to define the next steps of this strategy.

¹ Initiatives/deliverables are considered activities that contribute to fulfill the goals included in the CAP. As such, each economy may modulate their goals considering their stage of development, if the literal initiative/deliverable included in the CAP is out of reach at this stage. Each economy could choose initiatives/deliverables already implemented after the adoption of Cebu Action Plan on September 11, 2015.

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Joint Finance Ministerial Statement
Annex C. Collaboration Action Plan between APEC Member Economies and the Global Infrastructure Hub

We, the APEC Finance Ministers, acknowledged that the Cebu Action Plan (CAP), which was adopted on September 11, 2015 in Mactan, Cebu, the Philippines, on a voluntary and non-binding basis, with the goal of building an APEC community that is more financially integrated, transparent, resilient and connected, should be implemented considering its four pillars: 1) Promoting Financial Integration; 2) Advancing Fiscal Reforms and Transparency; 3) Enhancing Financial Resiliency; and 4) Accelerating Infrastructure Development and Financing.

Under Pillar 4 of the CAP on Accelerating Infrastructure Development and Financing, APEC member economies highlighted that accelerating infrastructure development will contribute to bolster recovery and sustain economic growth in the region. In that sense, this Pillar contains several initiatives like the development of a PPP Knowledge Portal (online repository of PPP infrastructure projects), conducting reviews of policy frameworks for infrastructure and analysis, the development of a robust pipeline of bankable PPP projects in the APEC region, among others.

The Global Infrastructure Hub (hereinafter referred to as the 'Hub') was established by the Commonwealth Government of Australia, in accordance with decisions taken at the Group of 20 (G20) Leaders' Summit held in Brisbane, Australia on November 15-16, 2014, to pursue the following objectives: 1) lowering barriers to investment, increasing the availability of investment-ready projects, helping match potential investors with projects and improving policy delivery; and 2) working collaboratively with governments, the private sector, national, regional and multilateral development banks, international organisations and other stakeholders.

Considering that APEC member economies and the Hub wish to explore opportunities for cooperation and collaboration on matters of mutual interest and render their respective activities more effective and beneficial, APEC member economies and the Hub have agreed to collaborate as follows:

Objective

- 1.1 The objective of this collaboration action plan is to establish a voluntary, non-binding and non-exclusive framework that facilitates cooperation and collaboration between APEC member economies and the Hub to promote activities to pursue more effectively their mandates and to support implementation of Pillar 4 of the CAP, as appropriate.

Principles of collaboration

- 2.1 Activities agreed between APEC member economies and the Hub shall be 1) subject to the internal objectives, functions, policies and procedures of APEC and the Hub, and 2) guided by the following principles:
 - 2.1.1 Respecting the different mandates and institutional settings of APEC and the Hub;
 - 2.1.2 Pursuing mutually beneficial cooperation to deliver real, measurable and lasting results;
 - 2.1.3 Exchanging of relevant information and consultation in order to identify additional areas and concrete activities in which, effective and practical cooperation may be possible within the framework of this collaboration action plan. Any exchange of information between APEC member economies and the Hub is voluntary and shall be subject to their respective policies and procedures on the disclosure of information; and
 - 2.1.4 Creating professional relationships characterised by mutual respect, honesty and trust.

Broad Areas of Cooperation

APEC member economies and the Hub may, in particular, explore the possibility of cooperating in the following areas:

- 3.1 Identifying opportunities for feedback on the Hub's tools and resources by APEC member economies as they are developed;
- 3.2 Identifying opportunities for adoption of the Hub's tools and resources by APEC member economies;
- 3.3 Providing open access to APEC member economies to the Hub's knowledge platform; and
- 3.4 Other related activities may also be agreed upon by consensus between the APEC member economies and the Hub, where relevant from time to time.

Obligations of APEC member economies and the Hub

- 4.1 This collaboration action plan serves only as a record of the intentions and common understanding of APEC member economies and the Hub and is not a legally binding agreement or commitment by APEC member economies and the Hub. Therefore, it does not constitute or create, and is not intended to create rights, obligations or liabilities under domestic or international law and will not give rise to any legal process, nor does it represent any commitment with regard to funding for APEC member economies and the Hub. Any commitments shall be reflected by APEC member economies and the Hub in separate, mutually agreed, action plans or agreements that may be entered into under this collaboration action plan.
- 4.2 This collaboration action plan shall not represent any commitment on the part of either APEC member economies or the Hub to give preferred treatment to the other in any matter contemplated under this collaboration action plan or otherwise.

Collaboration Meetings

- 5.1 APEC member economies and the Hub agree to meet annually, during the Senior Finance Officials' Meeting (SFOM), to discuss the progress under the collaboration action plan.

Communication and Notice

- 6.1 For the purpose of furthering the objectives established in this collaboration action plan and subject to the policies and procedures of APEC and the Hub, each party may display the other party's name and logo in compliance with the APEC guidelines on their website and on joint branding materials that may arise as a result of this collaboration action plan.
- 6.2 APEC member economies and the Hub hereby agree to consult with each other concerning any other manner and form of acknowledgment of the other party's support regarding the activities described in this collaboration action plan.
- 6.3 For the purpose of facilitating the implementation of any working arrangements to be established by APEC member economies and the Hub, the designated representative of each party, through which communication will be channeled, shall be:

6.3.1 For APEC:

Asia-Pacific Economic Cooperation Secretariat
35 Heng Mui Keng Terrace
Singapore 119616
Attention: FMP Program Director
Telephone: +65 68 919 600
E-mail: info@apec.org

6.3.2 For the Hub:

Global Infrastructure Hub
PO Box R1947
Royal Exchange
Sydney NSW 1225, Australia
Attention: Bill Brummitt, Chief Operating Officer
Telephone: + 61 434 566 478
E-mail: bill.brummitt@gihub.org

- 6.4 Either APEC member economies or the Hub hereto may, by notice in writing to the other party, designate additional representatives or substitute other representatives for those designated in this section.
- 6.5 APEC member economies and the Hub may make publicly available this collaboration action plan and any other information with respect to the collaborative activities contemplated herein, subject to their respective policies and procedures on the disclosure of information and with the consent from the other party.