

**2017 APEC Finance Ministers' Meeting**  
**21 October 2017**  
**Hoi An, Viet Nam**

**Joint Ministerial Statement**

1 We, the Finance Ministers of the economies of Asia-Pacific Economic Cooperation (APEC), convened our 24th meeting in Hoi An, Viet Nam on 21 October 2017 under the chairmanship of H.E. Dinh Tien Dung, Minister of Finance of Viet Nam.

**Global and Regional Economy**

2 We discussed the economic and financial outlook that our economies face and shared views on appropriate policy actions. The near-term outlook for global economic growth is encouraging, with a more broad-based pick up across both emerging markets and advanced economies. In the medium term, the risk of global financial conditions tightening remains and slower productivity gains continue to inhibit sustainable growth. We commit to focus on our priorities and economic and financial cooperation to promote growth, towards the goal of fostering a shared future.

3 We are committed to use all policy tools – monetary, fiscal and structural – individually and collectively to achieve strong, sustainable, balanced and inclusive growth. Fiscal policy tailored to member economy's circumstances should be used flexibly and be growth friendly, while ensuring that the public debt as a share of GDP is on sustainable path. Monetary policy should continue to support economic activity and ensure price stability, consistent with central banks' mandates. Strong fundamentals, sound policies, and a resilient international monetary system are essential to the stability of exchange rates, contributing to strong and sustainable growth and investment. Flexible exchange rates, where feasible, can serve as a shock absorber. We recognize that excessive volatility or disorderly movements in exchange rates can have adverse implications for economic and financial stability. We will refrain from competitive devaluation and will not target our exchange rates for competitive purposes. We reaffirm the key role of structural reforms in strong, sustainable, balanced and inclusive growth.

4 We reaffirm the importance of the APEC Finance Ministers' Process (FMP) as an active forum for fostering policy cooperation and exchange of experience among economies in the region.

**Cebu Action Plan**

5 We welcome the efforts made by member economies in identifying and implementing activities under the Cebu Action Plan (CAP). We encourage member economies, on a voluntary and non-binding basis, to continue to submit activities and initiatives in alignment with the CAP for implementation as appropriate to their domestic circumstances.

6 We welcome the active engagement of international organizations and appropriate APEC sub-fora and encourage their continued assistance to help member economies achieve the goals of the CAP. We welcome ABAC and the APFF's contribution to the implementation of the CAP, including the recommendations on financial market infrastructure and micro insurance. We encourage continued collaboration among interested relevant stakeholders in advancing these initiatives of the CAP.

## **Long term Investment in Infrastructure**

7 We recognize the importance of mobilizing long-term investments in infrastructure and reiterate the relevance of quality infrastructure for sustainable economic growth. While recognizing the role of public investment in APEC economies, diversification of financing sources and fostering private sector involvement in infrastructure projects is an important solution to meet the significant demand for long-term capital for infrastructure.

8 We welcome the efforts and achievements in cooperation under the theme of long-term investment in infrastructure in APEC 2017, which are in line with Pillar 4 of the CAP. In this regard, we endorse the policy statement on Diversifying Financing Sources and Fostering Private Sector Involvement in Infrastructure Investment in APEC Member Economies (Annex A), and encourage economies, to take into consideration these recommendations to improve long-term investment in infrastructure projects.

9 Recognizing the importance of building risk allocation mechanisms and applying appropriate risk mitigation instruments in PPP contracts as important elements of a successful project, we welcome the report on Selected Good Practices for Risk Allocation and Mitigation in Infrastructure in APEC Economies, developed by the Organization for Economic Cooperation and Development (OECD), in collaboration with the Global Infrastructure Hub (GIH) and the Asian Development Bank (ADB), as a good reference for member economies in building bankable PPP infrastructure projects.

10 We encourage economies to continue strengthening regional cooperation, explore and develop effective financing solutions for infrastructure, and promote private sector involvement in infrastructure projects in the region. We call on OECD, the World Bank Group (WBG), ADB, GIH and other international organizations to continue to work with APEC economies to study good practices and provide technical assistance and capacity building on quality infrastructure investment for member economies.

## **Base Erosion and Profit Shifting**

11 We recognize the importance of base erosion and profit shifting (BEPS) issues in APEC member economies, and the need for enhanced regional cooperation in sharing experiences, approaches and good practices on tax policy development, legislative design and tax administration, in order to address the challenges of BEPS in the region while enhancing the certainty, transparency and fairness of the tax system.

12 We welcome the efforts of APEC member economies in promoting a mutual support program, sharing experiences in the implementation of BEPS minimum standards and other relevant BEPS actions, in the context of the Inclusive Framework in the APEC region, under the work plan initiated in Viet Nam's host year 2017. We will continue these efforts in Papua New Guinea's host year 2018. We appreciate the active support from international organizations, such as ADB, IMF, OECD, WBG and encourage these organizations to continue their support for APEC economies

## **Disaster Risk Financing and Insurance**

13 We recognize the importance of improving institutional and legal frameworks on disaster risk insurance against the increasing impacts of natural disasters and their contingent liabilities in economies in the region. Effective strategies on disaster risk financing and insurance, including solutions for financial risk management of public assets, will help

mitigate and transfer risks, thereby better support timely rehabilitation and reconstruction when disaster occurs.

14 Given the importance of risk data and information for assessing the governments' potential disaster-related contingent liabilities and financial impact on public assets, we welcome the cooperation on disaster risk financing and insurance in 2017. Particularly we welcome the report on Improving Public Assets and Insurance Data for Disaster Risk Financing and Insurance Solutions; and report on Financial Risk Management of Public Assets Against Natural Disasters in APEC Economies, developed by the WBG in coordination with member economies; and the report on Managing Disaster-related Contingent Liabilities in Public Finance Frameworks, developed by the WBG and the OECD in coordination with the ADB and with the active participation of a number of member economies, as good reference for us. We look forward to discussing the recommendations from this joint report in 2018. We encourage member economies to continue to improve their risk information systems considering their own particular circumstances. Recognizing the essential role of the private sector in providing innovative market-based risk transfer solutions, we encourage member economies to explore partnership with the private sector for potential solutions.

15 We welcome the work of the APEC Working Group on Disaster Risk Finance and Insurance in 2017 with support from WBG as a lead technical facilitator and OECD and other international organizations, and look forward to the implementation of the work plan for 2018. We encourage more economies to join the Working Group to enhance the regional partnership and knowledge exchange on this agenda. We welcome the APEC disaster risk finance knowledge portal developed by WBG that serves as an online repository of policies, practices and lessons, which could help member economies develop effective policies to address disaster risks. We are committed to enhancing our cooperation and knowledge exchange on disaster risk finance and insurance, particularly on financial risk management of public assets.

### **Financial Inclusion**

16 We acknowledge the significance of financial inclusion and appreciate the collective contributions of APEC member economies and international partners to the sustainable, innovative and inclusive development of financial services in the region. We welcome, in this respect, the OECD/INFE progress report on financial literacy and financial consumer protection in APEC economies and look forward for the final report.

17 We recognize that agricultural finance makes an important contribution to the sustainable development of agriculture and rural areas, and helps narrow income gaps through capacity building for people and businesses in developing household business, micro, small and medium enterprises, value chains, and scientific and hi-tech based agricultural production. The introduction of new and diversified financial solutions in this area will create more favorable opportunities for people and businesses to access suitable and affordable products and services. In this respect, we highly appreciate the recommendations from international development partners, particularly the ABAC, the Foundation for Development Cooperation (FDC) and the Better Than Cash Alliance (BTCA), to further promote financial inclusion and digital payments toward the goal of sustainable agriculture and food security in member economies. We encourage member economies, on a voluntary and non-binding basis, to take into consideration these recommendations in order to contribute to the agriculture restructuring and sustainable development.

18 We recognize the importance of financial infrastructure, particularly credit information, secured transaction and insolvency systems as well as trade and supply chain finance. We also call on World Bank, IFC, ABAC and other development partners to continue supporting APEC economies in implementing initiatives to further improve financial infrastructure development in the region and promote the cooperation on credit information to support cross border trade and investment.

### **Other Issues**

19 We welcome the good progress on the development of the Asia Region Funds Passport (ARFP) and encourage member economies to consider participating in this initiative to increase financial integration. We encourage the participating economies to implement their needed arrangements in domestic regulations, to achieve successful implementation of the ARFP passport, and also encourage other member economies to participate in this initiative for the aim of more integrated financial cooperation in the APEC region.

20 We welcome the enhanced collaboration and coordination between APEC Senior Officials' Meeting (SOM) and Senior Finance Officials' Meeting (SFOM) officials this year, which are critical to promote greater coherence in APEC's work and to ensure that the two processes are mutually supportive. In this regard, we encourage the development of an Action Agenda on Promoting Economic, Financial and Social Inclusion. We instruct SFOM officials to work closely with SOM officials in finalizing this Action Agenda.

21 We welcome the joint activities between senior finance officials and the APEC Economic Committee (EC) this year and look forward to ongoing collaboration to prepare the APEC Economic Policy Report (AEPR) 2018 on 'Structural Reform and Infrastructure'. We encourage continuing joint discussions between senior finance officials and EC officials in 2018.

22 We welcome the exploratory dialogues between senior finance officials, Life Science and Innovative Forum (LSIF) and Health Working Group (HWG) to address the fiscal and economic impacts of the steep rise in chronic disease and of ageing societies in APEC economies. We encourage further dialogue with interested economies to share best practices and explore innovative, sustainable health financing solutions.

23 We appreciate the support from ADB, IMF, OECD, WBG and ABAC to the FMP work during this year.

24 We thank Viet Nam for hosting the APEC Finance Ministers' Process this year. We will meet again for our 25th meeting in Papua New Guinea in October 2018.