



**Asia-Pacific
Economic Cooperation**

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Joint Ministerial Statement – 28th Finance Ministers’ Meeting 2021



**28th Finance Ministers’ Meeting
22 October 2021**

JOINT MINISTERIAL STATEMENT

28TH APEC Finance Ministers' Meeting

22 October 2021, Wellington, New Zealand

We, the Finance Ministers of the economies of Asia-Pacific Economic Cooperation (APEC), convened virtually our 28th meeting on 22 October 2021 under the chairing of the Honourable Grant Robertson, Deputy Prime Minister and Minister of Finance of New Zealand.

We welcome the 2021 APEC priorities, recognising that there has never been a more important time for economies to join and work together.

We commit to realising the Putrajaya Vision of an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations.

We thank the APEC Business Advisory Council (ABAC) for meeting with us in June. ABAC's ongoing contribution to the Finance Ministers' Process, including their policy recommendations, have enabled a rich exchange on policies for helping businesses navigate through the COVID-19 crisis as well as tackling longer term challenges.

Recovery is underway

Since we met in 2020, economic activity in the APEC region has increased as members' economies recover from the global downturn. Continued policy support, the roll out of vaccines and domestic re-opening of economies have underpinned this rebound.

The APEC region's real GDP is expected to grow by over 6 percent in 2021. However, the recovery is far from complete and is characterised by significant divergences across and within economies as some groups in society and industry sectors continue to be disproportionately impacted by the pandemic.

The economic recovery also remains exposed to downside risks. These downside risks include the spread of new variants of the COVID-19 virus that lead to additional waves of infection and re-introduction of containment measures, insufficient rates of vaccination, together with economic risks such as inflation pressures, the emergence of new supply chain disruptions and supply-side constraints.

Supporting strong, sustainable, balanced and inclusive recovery

Finance ministries, central banks and financial regulators continue to respond to the repercussions of the COVID-19 pandemic with substantial and innovative policy responses. We have delivered unprecedented fiscal and monetary measures domestically, tailoring our responses to our individual circumstances. We shared our experiences in mitigating and recovering from the socio-economic impacts of the pandemic, and will continue to do so, as well as encourage coordinated multilateral cooperation where appropriate.

We are determined to use all available policy tools to address the adverse consequences of COVID-19, and support a strong, sustainable, balanced and inclusive recovery, calibrated to economy-specific circumstances. This includes avoiding any premature withdrawal of support measures, providing targeted support to the most exposed sectors and workers, as well as addressing the economic and social effects of the crisis on the most impacted groups. We will

seek to maintain macroeconomic and financial stability, alongside preserving long-term sustainability and safeguarding against downside risks and negative spill-overs. We welcome the IMF's recent general allocation of Special Drawing Rights (SDRs) to help meet the long-term global need for liquidity and assist vulnerable economies to finance more resilient, inclusive and sustainable economic recoveries and health-related expenditures. We must work to ensure all people can safely and equally access our health systems and that they have the resilience to cope with current and future shocks, thereby moving towards a common goal of achieving universal health coverage.

Strong fundamentals and sound policies are essential to the stability of the international monetary system. We remain committed that our exchange rates reflect underlying economic fundamentals and note that exchange rate flexibility can facilitate the adjustment of our economies. 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 devaluations and will not target our exchange rates for competitive purposes.

We will only overcome this health and economic emergency by accelerating equitable access to safe, effective, quality-assured, and affordable COVID-19 vaccines. We recognise the role of extensive immunisation against COVID-19 as a global public good. To that end, we will step-up efforts to expand vaccine manufacture and supply, support global vaccine sharing efforts, and encourage the voluntary transfer of vaccine production technologies on mutually agreed terms.

We highlight the mutually reinforcing role that macroeconomic, structural, trade and investment policy settings in each of our economies play in promoting and ultimately achieving strong, sustainable, balanced and inclusive growth in the region.

We welcome the Enhanced APEC Agenda for Structural Reform (EAASR) recently endorsed by Structural Reform Ministers. We reaffirm the outcomes of the Ministers Responsible for Trade (MRT) Meeting Joint Statement of 5 June including the MRT statement on COVID-19 Vaccine Supply Chains and on Services to Support the Movement of Essential Goods. We reiterate the importance of a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment, with the WTO at its centre, to drive economic recovery at such a challenging time.

We note the accelerated adoption of digital technology in financial services during this pandemic. We recognize its role in sustaining economic activities and mitigating the impacts of the COVID-19 pandemic on vulnerable sectors by providing more accessible and affordable means to deliver financial services. We therefore encourage initiatives promoting digital transformation to support efforts towards a resilient and inclusive recovery in the region.

Fiscal and Budget Policy and tackling long-standing challenges

Fiscal policy and the budget systems that support it have played a key role in responding to the impacts of the COVID-19 pandemic, preserving jobs and livelihoods, funding necessary public services and supporting the vulnerable. With the COVID-19 crisis far from over, and recoveries not complete, fiscal policy should be carefully calibrated to sustain economic recovery while preserving long term fiscal sustainability.

We agreed that the pandemic has highlighted the importance of credible and transparent fiscal policies and frameworks that ensure both short-term stabilisation and long-term fiscal sustainability objectives. These objectives may also evolve over time and frameworks need to be flexible enough to adapt to changing circumstances and needs without harming fiscal credibility. We recognise the importance of International Financial Institutions (IFIs) work to

facilitate sound public finance management. We acknowledge the importance of improving debt transparency through the joint efforts by official and private borrowers and creditors. We look forward to further progress to strengthen the quality and consistency of debt data and improve debt disclosure.

We acknowledge the importance of budget systems having good fundamentals such as delivering value for money, allocating spending efficiently, effectively and transparently, along with robust evaluation mechanisms. We discussed and welcomed the development of outcome-focussed budget frameworks in some economies.

We welcome the *Fiscal Policy Dialogue* report and the *Budgeting in APEC* report and look forward to continuing to learn from each others' experiences and innovations and from international organisations' analytical contributions.

We commit to working to ensure recovery is sustainable while addressing longstanding structural challenges and transitions. This includes taking advantage of digitalisation and other technologies to reinvigorate productivity growth, increase inclusiveness and well-being, build resilience to future shocks and address climate change. The urgency of action has been reinforced by the impact of the pandemic.

As Finance Ministers we play a key role in designing and funding necessary policies and tools to help meet the challenges in front of us. We discussed the importance of aligning spending and tax policies with our policy objectives as we work to overcome these challenges and support recovery, while also rebuilding our fiscal positions at the appropriate time.

We encourage collaboration with the Economic Committee and other APEC committees to advance the APEC Putrajaya Vision 2040. We welcome the topic of the 2022 APEC Economic Policy Report on "Structural reform and a green recovery from economic shocks" through which economies can share information and compare green policy approaches and support the region to transition to a low greenhouse gas emissions future.

We noted the importance of supporting this transition through the funding that we give and assisting development of more innovative forms of financing including partnerships with the private sector.

We emphasise the importance of quality infrastructure development and investment and sustainable financing in promoting post-pandemic recovery, structural transformation and regional integration. We encourage exploration of means to mobilize long-term financing and foster private sector involvement to support this. We will continue to implement the APEC Connectivity Blueprint through to 2025.

We encourage initiatives that support MSMEs, women and others with untapped economic potential. In this regard, we note recent initiatives in APEC to unlock the economic potential of Indigenous peoples. We strongly support the ongoing work to implement the La Serena Roadmap for Women and Inclusive Growth across APEC's work agenda.

We recall previous APEC commitments to rationalise and phase out inefficient fossil fuel subsidies that encourage wasteful consumption, while recognising the importance of providing those in need with essential energy services. We recognise the recent consensus by Ministers Responsible for Trade for further progress in this regard.

Refreshing and implementing the Cebu Action Plan (CAP)

We reviewed the roadmap and the Strategy for Implementation of the CAP. We reaffirm the high-level goals of the CAP to promote financial integration; advance fiscal reforms and transparency; enhance financial resiliency; and accelerate infrastructure development and financing. We noted the important role that the CAP can play in achieving the APEC Putrajaya Vision 2040.

We endorse the New Strategy for Implementation of the Cebu Action Plan (Annex A). We encourage the early identification of the initiatives and deliverables by economies, as well collaboration in areas of mutual interest, with the support of international organisations. We welcome reporting on implementation in 2023 and 2025.

Other areas of focus

We welcome the continuing work on disaster risk financing and insurance (DRFI) solutions on practical sources and schemes to mitigate and respond to present and future disasters or shocks. This includes discussions on catastrophe bonds and measures to address pandemic risk, both of which are ongoing. We encourage close coordination between various DRFI projects within the APEC region.

We strongly reaffirm our commitment to promoting tax certainty and tackling tax avoidance and evasion in the APEC region. We welcome the historic agreement on a more stable and fairer international tax architecture reached by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) on October 8. We recognise the ambitious nature of the timeline contained in the implementation plan set for finalising the remaining technical work on the two-pillar approach on the reallocation of profits of multinational enterprises and an effective global minimum tax, looking forward to its effective implementation in 2023.

We welcome efforts by international organisations and international financial institutions in assisting the economic responses of members to help support them through the crisis and into recovery, and in tackling long-term challenges.

We appreciate the continued support from the Asian Development Bank, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the World Bank Group and ABAC to the Finance Ministers' Process. We welcome the progress of public-private collaboration in the Asia-Pacific Financial Forum, the Asia-Pacific Financial Inclusion Forum and the Asia-Pacific Infrastructure Partnership. We encourage their continued contribution to the implementation of our initiatives.

We thank New Zealand for hosting the APEC Finance Ministers' Process this year. We look forward to meeting again under Thailand's leadership in 2022.

We stand united in facing future challenges.

Haumi ē, Hui ē, Tāiki ē.

Join, Work, Grow. Together.

ANNEX A - New Strategy for Implementation of the Cebu Action Plan

We, the Finance Ministers of the economies of Asia-Pacific Economic Cooperation (APEC),

Note that the Cebu Action Plan (CAP) was adopted in September 2015, in Cebu, the Philippines, as a voluntary and non-binding 10-year roadmap for the Finance Ministers' Process,

Reviewed the roadmap and the Strategy for Implementation of the CAP, adopted in October 2016, in Lima, Peru,

Reaffirm the high-level goals of the CAP to Promote Financial Integration, Advance Fiscal Reforms and Transparency, Enhance Financial Resiliency and Accelerate Infrastructure Development and Financing,

Emphasise the role that progress in the areas of the CAP can play in achieving the APEC Putrajaya Vision 2040 that our Economic Leaders agreed in 2020,

Commit to take actions to respond to the negative economic and social impacts of COVID-19, support recovery across the APEC region and address longer-term challenges, such as climate change and making growth more inclusive and sustainable,

Agree to the following strategy in order to implement the second half of the period of the CAP on a voluntary and non-binding basis:

1. Encourage each economy to, based on its development needs, by the end of 2021, choose one to three initiatives/deliverables for implementation before the start of 2023 (first package). Then, as a second stage, choose an additional one to three initiatives by the start of 2023, with a goal of implementation before the start of 2025 (second package). Each economy may choose initiatives/deliverables that are:
 - a. set out in the CAP;
 - b. in support of responding to the COVID-19 pandemic; or
 - c. aligned with one or more economic drivers of the Putrajaya Vision 2040, namely "trade and investment", "innovation and digitalisation" and "strong, balanced, secure, sustainable and inclusive growth".
2. If appropriate, and consistent with the mandate of Finance Ministers', economies may identify priorities undertaken under the Enhanced APEC Agenda for Structural Reform (EAASR), when reporting on the implementation of initiatives/deliverables, to demonstrate their progress in this area.
3. Encourage each economy to use qualitative or quantitative indicators to measure progress in the implementation of the initiative/deliverable chosen, as appropriate.
4. Encourage each economy that sets these goals to report on its own progress in achieving its first package by the start of 2023 and its second package by the start of 2025.
5. Encourage economies, supported by International Organisations, to collaborate in areas of mutual interest drawn from the CAP to help interested economies identify and advance policy initiatives through the sharing of experiences and technical knowledge. By the end of 2021, economies are encouraged to volunteer to create workstreams on policy areas under the CAP. While organisation of this work shall largely be a matter for interested economies to agree, such collaboration should take account of the following guidelines:

- a. A workstream may only proceed if a minimum of seven economies have agreed to participate in it. Participation is voluntary and additional economies may participate in/contribute to the workstream at any time. Initially, we anticipate creating up to four workstreams;
 - b. Each workstream will organise a Chair or Co-chairs ("Champion Economies"), based on the consensus of its participating economies, to lead their work programme and work closely with host economies. An economy may chair/co-chair a maximum of one workstream, but may participate in multiple workstreams;
 - c. Workstreams will be framed around a strategic goal for up to three years and will present their annual workplans (including a progress report on the previous year's activities) at the start of each year for endorsement by Deputies;
 - d. Workstreams will not be formal APEC bodies and may not incur costs or make demands on the host economy or the APEC Secretariat, and their activities and outcomes should be informal and non-binding; and,
 - e. Workstreams will operate on a pilot basis with a review after one year to assess the effectiveness of this approach. Workstreams will automatically sunset at the end of 2025, or earlier if Senior Finance Officials have agreed to do so.
6. Encourage collaboration with the private sector during the implementation of the chosen initiatives/deliverables, including dialogues with the APEC Business Advisory Council (ABAC).
 7. By or before the end of 2025, the Senior Finance Officials will report on the progress of the CAP's implementation to Finance Ministers. This report will serve as an input for taking decisions on what follows the CAP. This report may also feed into Finance Ministers' Process contributions to any future implementation reviews associated with the APEC Putrajaya Vision 2040.

ANNEX B - 2021 Deliverables and Reports to Finance Ministers

We take note of the following deliverables:

1. The New Strategy for Implementation of the Cebu Action Plan (Annex A).
2. The APEC Fiscal Policy Dialogue convened on 6 and 7 July 2021 by New Zealand, and the resulting summary Fiscal Policy Dialogue Report.
3. The APEC Budget Frameworks Workshop convened on 24 and 25 August 2021 by New Zealand, with the assistance of the OECD, and the resulting Report on Budgeting in APEC.
4. The tax capacity-building workshops convened by New Zealand with the assistance of the OECD, on Tax Policy Responses to the COVID-19 Pandemic held on 21 and 22 July 2021, and Digitalisation and Tax Administration held on 8 September 2021, and resulting summary Report.
5. The forthcoming Compendium on COVID-19 Economic Policy Responses Across the APEC Region.
6. The OECD High Level Seminar on Sustainable Finance and Quality Infrastructure Investment in Asia and OECD Reports on Environmental, Social and Governance (ESG) Infrastructure in Asia and ESG Investing – Trends in APEC Economies 2021.
7. The OECD/INFE Report on Financial Literacy and Resilience in APEC Economies.
8. The Virtual Workshop on How the Catastrophe Bond Market Can Support Financial Resilience in Asia held on 19 October, jointly organized by ABAC, the Asia-Pacific Financial Forum (APFF), HK Insurance Authority and the World Bank under the APEC Regional Disaster Risk Funds and Insurance (DRFI) Solutions Working Group.
9. The 2021 Progress Report of the APFF, Asia Pacific Financial Inclusion Forum (APFIF) and Asia-Pacific Infrastructure Partnership (APIP) - Regaining Momentum: Enabling Financial Services to Catalyze Inclusive, Innovative and Sustainable Recovery, together with its appendices:
 - a. APEC Sustainable Finance Development Roadmap
 - b. Asia-Pacific Financial Inclusion Forum: Emerging Priorities in the COVID-19 Era – Proposed Actions for Policymakers and Regulators
 - c. APFF Digital Trade Finance Lab Whitepaper on Combating Trade-Based Money Laundering.
10. Workshops and papers implemented by FMP initiatives as outlined in the FMP Policy Initiatives list dated 6 October 2021.