

## **21<sup>st</sup> APEC Finance Ministers' Meeting Joint Ministerial Statement**

1. We, the finance ministers of the APEC economies, convened our 21<sup>st</sup> annual meeting in Beijing, the People's Republic of China (PRC) on 22 October 2014 under the chairmanship of Mr. Lou Jiwei, Minister of Finance of PRC. The meeting was also attended by the President of the Asian Development Bank (ADB), the Deputy Managing Director of the International Monetary Fund (IMF), Secretary-General of the Organization for Economic Cooperation and Development (OECD), the Managing Director and Chief Operating Officer of the World Bank Group, the Executive Director of the APEC Secretariat, and the Chair of the APEC Business Advisory Council (ABAC).

### **Global and Regional Economy**

2. As the global economy still faces persistent weakness in demand, growth is uneven and remains below the pace necessary to generate needed jobs, and downside risks have risen. The APEC region, as the engine of the world economy, should lead the global recovery towards strong, sustainable and balanced growth. We highlight the importance of the APEC Finance Ministers' Process (FMP) as a platform for regional economies to share experiences, exchange views, build consensus, and deepen cooperation. We remain committed to making use of this platform more actively and strengthening policy cooperation between the APEC FMP and other multilateral cooperation mechanisms such as the G-20.
3. We recognize that achieving sustainable growth requires both short-term and longer-term policies. We will continue to implement our fiscal policies flexibly taking into account near-term economic conditions, so as to support economic growth and job creation, while ensuring fiscal sustainability. We reaffirm our previous commitments on monetary and exchange rate policies. 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.

### **Infrastructure Investment and Financing**

4. Investment is crucial to boosting demand and lifting growth. Infrastructure investment plays an important role in realizing growth potential and meeting development goals. Given the large funding gap between projected infrastructure needs and limited financial resources of governments in the APEC region, we call for further efforts, including through our own policy reforms, to attract long-term financing and leverage private resource flows to fill the gap, including through public-private partnership (PPP). We continue to facilitate developing well-designed, sustainable and resilient infrastructure in this region in collaboration with existing efforts and initiatives, including those of ASEAN.

5. We acknowledge the critical and leading role played by the public sector in fostering PPP modalities, through facilitating an enabling environment, formulating infrastructure development plans, based on quality elements of infrastructure, good practices and principles and people-centered investment, preparing bankable projects, and the importance of attracting long-term private financing. We note the substantial work and fruitful results accomplished in infrastructure PPP financing under the APEC FMP this year to implement the APEC Multi-Year Plan on Infrastructure Development and Investment (MYPIDI) endorsed by the APEC leaders in 2013. We are pleased to see that a compilation of PPP case studies has been prepared with support from member economies and international organizations to showcase reference experiences and lessons learnt from their implementation of PPP projects. We endorse the Implementation Roadmap to Develop Successful Infrastructure PPP Projects in the APEC region developed based on the case studies as a useful reference to help the APEC member economies design and implement infrastructure PPP projects. The Implementation Roadmap and the case study compilation will be submitted to the APEC Leaders as concrete contributions of the Finance Ministers' Meeting (FMM) to the APEC Blueprint on Connectivity and the Leaders meeting.
6. We reaffirm the importance of capacity building in the public sector for promoting PPP infrastructure financing, learning from different PPP practices across APEC economies. In this regard, we welcome the launch of APEC Training Program for officials in charge of infrastructure development in member economies, aiming to promote capacity building in implementing PPP projects. We also welcome the efforts of APEC members to support capacity building and project development for infrastructure PPPs in APEC developing economies, including PRC's decision to commit USD 5 million from the PRC Poverty Reduction and Regional Cooperation Fund (PRCF) in ADB.
7. We believe that PPP centers can serve as a useful institutional instrument to enhance government capacity in implementing PPP projects. We acknowledge the progress made by Indonesia across 2014 in establishing its Pilot PPP Center. We encourage interested member economies to set up their own PPP centers, and call for extensive experience sharing, communication and networking among new and existing PPP centers as well as with APEC study centers. To this end, we welcome the establishment of the PPP Center within the Ministry of Finance of PRC as a center of excellence to facilitate development of PPP projects and institutional building of the government. We welcome the progress made by the APEC PPP Experts Advisory Panel including formally launching its activities and endorsing its terms of reference this year, appreciate its work in promoting capacity building in PPP project implementation and encourage it to continue its support to the existing and newly established PPP centers in the region. We encourage International Organizations (IOs) such as the ADB, the World Bank Group, and the OECD to support the development of PPP projects and necessary reforms in the APEC region, including capacity building, technical assistance, analytical reviews and transaction advisory services.
8. We are determined to mobilize private sector investors, including long-term institutional

investors for infrastructure development, by the development of domestic capital markets and enabling environment for private investments in infrastructure through APEC initiatives like the Asia-Pacific Financial Forum (APFF) and the Asia-Pacific Infrastructure Partnership (APIP). We urge the IOs to continue supporting PPP infrastructure projects to catalyze long-term financing for infrastructure in the Asia-Pacific region. We, therefore, welcome the World Bank Group Report on Prioritizing Projects to Enhance Development Impact and the G-20/OECD effective approaches and checklist for promoting long term investment financing and, on the basis of this work, call on ADB, the World Bank Group, the OECD and other IOs to identify relevant good practices for the APEC region.

### **Fiscal and Taxation Policy Reform for Economic Restructuring**

9. We are committed to implementing appropriate fiscal and taxation policies to promote economic restructuring and achieve strong, sustainable and balanced growth, while remaining committed to sustainable public finance. We are keen to implement further efforts to create more jobs for all of our citizens. In particular, we will continue to develop our high value-added service sectors to promote good quality jobs for our youth, support small and medium-sized enterprises (SMEs) as they are drivers of economic activity, growth and job creation, and increase investment in research and development. We will also continue to provide more education and training, and address unemployment issues particularly for youth and women. In addressing the common challenges of environmental and resource constraints, we recognize that fiscal and taxation policies can complement market-based mechanisms of green growth and play a catalytic role in encouraging the adoption of environmentally-friendly and resource-saving technologies, which can help enhance long-term competitiveness of member economies and provide new growth opportunities.
10. We recognize the importance of strengthening our fiscal institutions, including developing medium-term fiscal frameworks in members' economies and deepening budget reform to enhance fiscal sustainability. We note that broad experience sharing has been carried out this year and expect continued efforts in this regard.
11. We give value in continually promoting fair and transparent tax systems. We recognize the significant progress achieved by the participants to the fora such as G-20 towards the completion of the two-year G-20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan and towards implementation of the new global Common Reporting Standard for Automatic Exchange of Tax Information, which will support fair and transparent tax systems in APEC economies.
12. We highlight the importance of open and transparent government procurement in facilitating healthy and competitive service sector.

### **Improving Financial Services for Regional Real Economy**

13. We recognize that deep, liquid and efficient financial systems can help channel capital into more productive activities and help sustain future growth. We recognize that the APEC region is subject to natural disasters and in this context, we reaffirm the importance of

continuing to improve our approaches to disaster risk financing (DRF) to build resilient real economies in the region. This includes ensuring sound fiscal management of disaster risks and supporting effective risk transfer instruments in insurance and capital markets. We look forward to IOs such as the ADB, the OECD, the IMF and the World Bank Group to continue working with APEC member economies in providing capacity building, introducing good practices and identifying effective approaches that will help address key APEC priorities related to DRF. Progress in this area will be reported back to the next APEC Finance Ministers Meeting.

14. We acknowledge that climate finance is an important issue to resolve climate change and we reaffirm our support to the Green Climate Fund.
15. We recognized SMEs are the backbone of the regional economy but they face barriers in accessing financing. We therefore agree to make further efforts to address the financing difficulties of SMEs by improving our legal and regulatory environments, further developing capital markets, and promoting innovative financial instruments such as supply chain financing. We are also committed to step up financial education to enhance the capacity building of SMEs so as to help them better understand the financial markets and to operate effectively in regional and global markets. We note the Asia SME Finance Monitor from ADB, ADB-OECD Study on Enhancing Financial Accessibility for SMEs, and the work of the Global Partnership for Financial Inclusion. We ask the IMF, OECD, ADB and World Bank Group to identify where advances can be made in developing markets and instruments which could further promote SMEs and infrastructure financing in the APEC region.

#### **Other Business**

16. We welcome PRC's cooperation with Viet Nam on capacity building for finance officials through the collaboration between Asia Pacific Finance and Development Center (AFDC) and the Institute of Financial Training of Ministry of Finance, Viet Nam since 2008. We support PRC's initiative to upgrade the AFDC to the Asia Pacific Finance and Development Institute (AFDI) to meet the emerging demand of regional knowledge sharing in financial areas and we appreciate PRC's efforts to support economic and technical cooperation and capacity building in Asia Pacific region. We would like to strengthen our cooperation with AFDI, where appropriate, including through APEC study centers.
17. We note the progress on the development of the Asia Region Funds Passport since 2010 including the release of a consultation paper in a number of APEC economies that sought comments on the proposed guiding principles and basic arrangements.
18. We thank ABAC for its report and initiatives. We encourage our relevant authorities to collaborate with APFF in developing capital markets, SME finance and long-term investments. We welcome continued APIP dialogues and the report of the Asia-Pacific Forum on Financial Inclusion on measures to expand access to finance. We welcome ABAC's proposals to promote long-term savings mobilization, sound valuation practices,

innovative finance mechanisms, urban infrastructure and internationalization of emerging market currencies.

19. We thank PRC for hosting the APEC Finance Ministers' Process this year. We will meet again for our 22<sup>nd</sup> meeting in Cebu, the Philippines, on September 10-11, 2015.