

**2018 APEC Finance Ministers' Meeting
17 October 2018
Port Moresby, Papua New Guinea**

Joint Ministerial Statement

1 We, the Finance Ministers of the economies of Asia-Pacific Economic Cooperation (APEC), convened our 25th meeting in Port Moresby, Papua New Guinea on 17 October 2018 under the chairmanship of the Honourable Charles Abel, Deputy Prime Minister and Treasurer of Papua New Guinea.

Global and Regional Economy

2 In support of the APEC 2018 theme, *Harnessing Inclusive Opportunities, Embracing the Digital Future*, we discussed the economic and financial outlook that our economies face and shared views on appropriate policy actions.

3 Since we met in October 2017 global growth has remained robust. However, growth has become less balanced and downside risks have risen in the past six months. Downside risks to global growth include heightened trade and geopolitical tensions, rising financial vulnerabilities, high and growing debt levels against a background of tighter financial conditions, global imbalances, inequality and structurally weak growth.

4 We recognise that, to broaden and sustain the current expansion and raise medium-term growth prospects for the benefit of all, our economies must advance policies and reforms that increase productivity and strengthen the potential for inclusive growth, while building resilience to deal with financial and economic downturns. Structural reforms will play an important role in achieving APEC's growth objectives.

5 We are committed to use all monetary, fiscal and structural policy tools, individually and collectively to the extent possible, to achieve strong, sustainable, balanced and inclusive growth. Fiscal policy should be flexible and growth-friendly, prioritising high quality investment and inclusiveness, while enhancing economic and financial resilience and ensuring that public debt as a share of GDP is on a 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.

Accelerating Infrastructure Development and Financing

6 Infrastructure is crucial to lifting productivity, enhancing connectivity and competitiveness, creating jobs and strengthening inclusive growth. The Asia-Pacific region faces a significant infrastructure financing deficit with data from the Global Infrastructure Hub (GIH) estimating that investment needs are expected to average US\$2.1 trillion per year over the 2020-2025

period. This large and growing infrastructure investment need can be addressed by diversifying the available sources of long-term finance and fostering private sector involvement, including the creation of enabling conditions for attracting investment, generating pipelines of ‘bankable’ infrastructure projects and developing financing structures capable of attracting long-term institutional investor capital. Stressing the importance of quality infrastructure investment, we encourage capacity-building programs to improve economies’ project evaluation processes, regulatory and procurement environments, and project preparation and financing capabilities.

7 We welcome the hosting in March 2018 of a *Seminar on Accelerating Infrastructure Development and Financing*, which provided an opportunity to share economies’ experiences and good practices on planning, financing and delivering quality infrastructure. We also welcome the APEC/OECD package on *Selected Effective Approaches to Financing Infrastructure in APEC Economies*.

8 Recognising the cross-cutting nature of infrastructure development we welcome the 2018 *APEC Economic Policy Report (AEPR): Structural Reform and Infrastructure* developed by APEC Senior Finance Officials (SFOM) and the Economic Committee (EC), which highlights a menu of structural policies and encourages member economies to develop efficient long-term planning processes, ensure that institutional arrangements are conducive to private sector provision and financing, and undertake due diligence and incorporate resiliency into decision-making for promoting quality infrastructure.

9 To accelerate infrastructure development and financing we urge member economies to adopt policy approaches that will strengthen institutions and practices to improve infrastructure planning, evaluation and delivery in order to facilitate a substantial increase in the number of well-prepared and investment-ready infrastructure projects. In order to meet communities’ expectations and development needs, we encourage approaches that follow good practices, facilitate project transparency, ensure timely access to qualitative and quantitative project information, and promote opportunities to potential investors. We will consider how best to ensure that our efforts to meet infrastructure financing needs are consistent with sustainable financing practices.

Advancing Financial Inclusion

10 Financial inclusion is a fundamental building block of inclusive growth and development. It enables individuals and businesses to access useful and affordable financial products and services that meet their needs, facilitating poverty alleviation, productive asset accumulation, and shared prosperity. It also increases citizens’ resilience to the shocks that can threaten their livelihoods. While the needs and priorities of our economies vary in nature and degree, we recognise the importance of achieving universal financial access and usage across the Asia-Pacific region.

11 We welcome the hosting in June 2018 of a *Seminar on Financial Inclusion in APEC: Financial capability, education and technology*, which provided a valuable forum for sharing economy experiences and good practices on how financial literacy and innovation can advance financial inclusion. We also welcome the hosting in June 2018 of *Improving Digital Financial Literacy in APEC (pilot workshop for Papua New Guinea)*, which focused on strengthening consumer digital financial literacy and awareness.

12 We note the OECD/INFE interim report on *Financial Education in APEC Economies* and we look forward to the final report in 2019. We also note the SFOM's development of a capacity building package on advancing financial inclusion in APEC economies and look forward to its completion in 2019, continuing the work of the Finance Ministers' Process (FMP) on this important topic and helping to progress the *APEC Action Agenda on Advancing Economic, Financial and Social Inclusion*.

13 We note that, to advance financial inclusion, a number of member economies are developing and implementing domestic strategies and have made commitments at the multilateral level, for example, endorsing the *Maya Declaration* and the *Universal Financial Access by 2020* commitment at the 2015 WBG-IMF Spring Meetings. We welcome member economies taking practical steps to advance financial inclusion and encourage full and effective implementation of their domestic strategies and commitments.

Fostering International Tax Cooperation and Transparency

14 Implementation of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Package's minimum standards and other relevant BEPS actions through the BEPS Inclusive Framework and internationally-agreed standards on transparency and exchange of information (EOI) for tax purposes remain a priority for our economies. We welcome efforts in 2018 to promote mutual support through the hosting in July 2018 of an *Advancing BEPS and Automatic Exchange of Information priorities in APEC* technical seminar, the launching of the APEC-BEPS Community of Practice on the Knowledge Sharing Platform for Tax Administrations, continued engagement with the Global Forum on Transparency and Exchange of Information for Tax Purposes, and discussions on the tax challenges arising from digitalisation that drew on work undertaken by the OECD and G20. These efforts have built on the FMP's work of 2017 and we welcome further efforts to be channelled through Chile's host year in 2019.

15 Recognising the importance of international tax cooperation, we encourage all member economies to continue to work towards a fair, sustainable and modern international tax system and for APEC to continue to support efforts to enhance the certainty, transparency and fairness of the tax system.

Implementing the Cebu Action Plan

16 The Cebu Action Plan (CAP) provides the FMP with a voluntary and non-binding 10-year roadmap for building an APEC community that is more financially integrated, transparent, resilient and connected.

17 We welcome the efforts made by member economies to submit initiatives under the CAP's first package and in updating the progress of their implementation as appropriate to their domestic circumstances. We also welcome member economies nominating additional initiatives under the CAP's second package and encourage future updates and other efforts to ensure that the CAP is implemented effectively and remains a valuable reference for policymakers.

18 We acknowledge the active engagement of the APEC Business Advisory Council (ABAC) in supporting CAP implementation. We welcome ABAC's roadmaps on financial market infrastructure and micro insurance and encourage relevant authorities to collaborate with

ABAC and the Asia-Pacific Financial Forum (APFF) in using them where appropriate. We note the work of ABAC and the APFF in promoting regional public-private platforms for financial innovation and digitalisation, cross-border data ecosystems and personal insolvency reform, and look forward to this work being advanced next year. We also note the contribution of the 2018 Asia-Pacific Financial Inclusion Forum and ABAC's companion report to the 2018 AEPR on structural reform and digital infrastructure.

Disaster Risk Financing and Insurance

19 We recognise the importance of developing robust financial management to address increasing disaster risk in the Asia-Pacific region and welcome the work of the APEC Working Group on Disaster Risk Financing and Insurance (DRFI) in 2018, with support from the WBG as a lead technical facilitator and OECD and other international organisations, to help member economies address the economic and financial risk caused by natural disasters.

20 We welcome the hosting in June 2018 of an *APEC Workshop on the Financial Management of Public Assets against Disaster Risks*. We also welcome the report on *Catastrophe Insurance Programs for Public Assets – Operational Framework*, developed by the WBG in coordination with member economies, and the information and analysis on economy approaches to managing disaster-related contingent liabilities in the report by the WBG and OECD on *Policy Lessons on Managing Disaster-Related Contingent Liabilities in Public Finance Frameworks*. We look forward to continued cooperation and knowledge exchange on DRFI, particularly on financial risk for quality and resilient infrastructure against natural disasters.

Other Issues

21 We welcome enhanced collaboration between the SFOM and EC this year which, consistent with the FMP Modernisation Strategy, is critical to promoting greater coherence in APEC's work and ensuring that the FMP and Senior Officials' Meeting (SOM) processes are mutually supportive. We encourage further collaboration where there are clear, mutually beneficial objectives and where it can be conducted efficiently. We encourage SFOM and EC to further discuss collaboration on the 2019 AEPR on Structural Reform and the Digital Economy.

22 We commend ABAC for its contribution in 2018 and encourage continued private sector engagement in 2019. We appreciate the support that the ADB, Foundation for Development Cooperation, GIH, IMF, OECD, UN Capital Development Fund, WBG and APEC Policy Support Unit have provided to the FMP this year and encourage these and other organisations to continue to offer technical assistance and capacity building support to help member economies deliver strong, sustainable, balanced and inclusive growth.

23 We thank Papua New Guinea for hosting the APEC Finance Ministers' Process this year. We will meet again for our 26th meeting in Chile in October 2019.