

Nusa Dua, Bali, Indonesia, 20 September 2013

2013 APEC Finance Ministers' Meeting

Joint Ministerial Statement

1. We, the Finance Ministers of the Asia-Pacific Economic Cooperation (APEC) economies, convened our 20th annual meeting in Nusa Dua, Bali, Indonesia, on 19-20 September 2013 under the Chairmanship of Dr. Muhamad Chatib Basri, Minister of Finance of the Republic of Indonesia. The meeting was also attended by the President of the Asian Development Bank (ADB), the Managing Director of the World Bank Group, the Deputy Managing Director of the International Monetary Fund (IMF), the Deputy Secretary General of the Organisation for Economic Cooperation and Development (OECD), the Executive Director of the APEC Secretariat, and the Chair of the APEC Business Advisory Council (ABAC).
2. As part of Indonesia's APEC 2013 theme of *Resilient Asia-Pacific, Engine of Growth*, we discussed the key economic and financial issues shaping our region's future prosperity. We are determined to place our economies on a stronger, more sustainable, and more balanced growth path.
3. We have taken a number of important policy actions that have helped to contain key tail risks, improve financial market conditions and sustain the recovery. Nevertheless, global growth is too weak, risks remain tilted to the downside, and the economic outlook suggests growth is likely to be slower and less balanced than desired. APEC is an increasingly large part of the global economy and plays a key role in driving global growth. Private demand has strengthened in the US and growth has picked up in Japan, while growth has continued in emerging market economies, although at a slower pace, reflecting in some cases the effect of volatile capital flows, tighter financial conditions, as well as domestic structural challenges. Overall, capital flows have been volatile, private investment remains subdued in many economies, regional growth disparities remain wide, global rebalancing is incomplete, and unemployment remains unacceptably high in some economies. Our actions at this meeting, particularly

our agreement on measures to facilitate infrastructure investment, demonstrate our willingness to cooperate to achieve reforms for stronger, more sustainable and more balanced growth.

4. We will implement our fiscal policies flexibly to support economic growth and jobs, while remaining committed to sustainable public finances. We reaffirm our commitments to rebalancing global demand, and to taking the necessary actions to strengthen market confidence, support growth, maintain stability and increase resilience in emerging market economies. We resolve to intensify our efforts to implement structural reforms that boost investment, address fundamental weaknesses, enhance productivity and competitiveness, increase labor force participation and employment, and address internal and external imbalances.
5. We reiterate our commitments to move more rapidly toward more market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, and avoid persistent exchange rate misalignments. We will refrain from competitive devaluation and will not target our exchange rates for competitive purposes. We will resist all forms of protectionism and keep our markets open.
6. We recognize that strengthened and sustained growth will be accompanied by an eventual transition toward the normalization of monetary policies. We reiterate that excess volatility of financial flows and disorderly movements in exchange rates can have adverse implications for economic and financial stability, as observed recently in some emerging markets. Sound macroeconomic policies, structural reforms and strong prudential frameworks will help address an increase in financial market volatility. We will continue to monitor financial market conditions carefully.
7. We recognize the importance of productivity enhancing infrastructure projects in supporting the region's growth potential and we take note of the APEC Multi-Year Plan for Infrastructure Development and Investment. We acknowledge that it is necessary to enhance private sector participation in infrastructure projects in order to meet infrastructure needs in the region and are committed to supporting this by taking further actions to improve the investment climate. We will continue to coordinate our work in infrastructure financing and development with other

relevant international fora and organisations. We welcome the G20/OECD High-Level Principles on Long-Term Investment by Institutional Investors.

8. As many APEC economies are seeking to access private financing for economic infrastructure, we recognize that having clear processes in relation to the planning, prioritization, preparation, and financing of infrastructure projects is critical. This year, we continued discussions on developing new approaches to infrastructure provision, including through public-private partnerships (PPP). We now commit to establish an APEC PPP Experts Advisory Panel (the Panel) reflecting the diversity of APEC economies to enhance infrastructure development in the region, and call on the World Bank, the ADB and the OECD to provide appropriate support (see Annex A). We welcome the active participation of ABAC and the Asia Pacific Infrastructure Partnership (APIP) in the Panel. We welcome the opportunity to support, on a voluntary basis, a pilot PPP centre within the Indonesian Ministry of Finance. This support will assist the Indonesian Ministry of Finance in its ongoing efforts to develop the resources, skills, and capacity of their PPP Centre. We expect that by sharing the experiences of the Panel and the APEC pilot project in Indonesia, APEC member economies can improve their own capacity to design and deliver effective, bankable PPP projects. In the longer term, the Panel can support the emergence of an APEC-wide market for infrastructure investment by helping other economies to develop similar capacity, and create a regional network of PPP centres to share good practices and help align standards.
9. We recognize the importance of financial inclusion to achieving equality and enhancing growth potential in the region. A significant proportion of people in APEC economies still do not have access to the financial system. We commit to promote awareness and enhance access, eligibility and capacity of poor households and small-and-medium sized enterprises (SMEs) to interact with financial institutions, together with efforts to develop financial literacy and strengthen consumer protection. We note that responsible and innovative approaches to promote financial eligibility of the poor and SMEs are paramount to developing an inclusive financial system and to improving the effectiveness of public policy, including Government to People (G2P) transfers. We also noted during workshop discussions that there were several examples of innovative

distribution channels being implemented in APEC economies, especially branchless banking (see Annex B).

10. We remain committed to promoting free and open trade and investment. We recognized that trade finance instruments can help facilitate trade and can support SMEs that trade internationally. We discussed the impact of the global financial crisis on the availability and cost of trade finance in APEC economies. We recognize the benefit from trade finance programs managed by international financial institutions during and after the global financial crisis, and support further exploration to strengthen these initiatives. We welcome the study by APEC Policy Support Unit based on its survey on the recent trends in trade finance in the region. We recognize the work of the Basel Committee to ensure appropriate risk weights for financing activities, including trade finance. We also noted that SMEs face a number of obstacles in accessing finance related to their limited resources and perceived risks by lenders. We encourage financial institutions to enhance trade financing and continue to support trade in the Asia Pacific region.
11. Improvements to financial management systems through treasury systems and budget reforms, including spending reviews, are direct mechanisms that can enhance the efficiency of our ministries and our budgets. As such, we welcome the voluntary sharing of information that has occurred amongst our finance and treasury officials on these matters (see Annex B).
12. We recognize a need to intensify our individual efforts to introduce best practices in disaster risk financing (DRF), including fiscal contingency planning, and developing risk transfer instruments available through insurance and capital markets. We welcome the OECD survey report on DRF practices among APEC members. This work will complete the G20/OECD work and the operational framework for DRF and insurance, developed by the World Bank and several APEC economies. We look forward to more experience sharing, with the help of the OECD, the ADB, the World Bank, and the relevant international organisations, to explore effective approaches that can facilitate the implementation of key priorities identified in the survey.

13. We note that climate change has a significant impact on the environment, social and economic prosperity. In this regard, we support the operationalization of the Green Climate Fund (GCF).
14. We are pleased with the ABAC symposium hosted by Australia, which explored the creation of an Asia-Pacific Financial Forum (APFF). While recognizing the role of official standard setting bodies in providing regional consultation and input on international financial standards, we believe that the APFF, reporting to the APEC Finance Ministers' Process, can make a valuable contribution in deepening public-private collaboration toward the development of sound, efficient, inclusive and integrated financial systems in the region.
15. We welcome ABAC's report and recommendations on infrastructure, financial inclusion and strategies to achieve balanced and innovative growth and stronger regional financial integration (see Annex B). We support the continuation of the APIP Dialogue in 2014 and ABAC's continued contributions to APEC's financial inclusion agenda.
16. We note the progress in the development of Asia Region Funds Passport, including the formation and on-going development of a framework document that sets out its voluntary guiding principles and basic arrangements. We welcomed the signing of the Statement of Intent (SOI) in Nusa Dua, Bali, Indonesia, on 20 September 2013 by some economies that will potentially become members of a pilot group launching the Passport and publicly consult on the detailed rules for its implementation in accordance with the timeline set out in the SOI.
17. We thank Indonesia for successfully hosting the APEC Finance Ministers' Process this year. We will meet again for the 21st APEC Finance Ministers' Meeting in the Hong Kong Special Administrative Region, People's Republic of China, in September 2014.

Annex A: APEC PPP Experts Advisory Panel and Pilot PPP Centre

Annex B: Report of 2013 APEC Finance Ministers' Process Initiatives