

Chair's Statement

The 29th APEC Finance Ministers' Meeting

October 20, 2022

Bangkok, Thailand

1. The Finance Ministers of the economies of the Asia-Pacific Economic Cooperation (APEC), convened the 29th meeting in Bangkok, Thailand on 20th October 2022 under the chairmanship of His Excellency Arkhom Termpittayapaisith, Minister of Finance of Thailand. The statement of the Chair reflects the Chair's assessment of the prevailing views of APEC economies as expressed during the meeting.

Global and Regional Economy

2. In support of the APEC Finance Ministers' Meeting 2022 Theme, "Advancing Digitalization, Achieving Sustainability", APEC economies discussed the economic and financial outlook faced by their economies, and shared views on appropriate policy actions. Cooperation between the economies is necessary to achieve the Putrajaya Vision 2040, through the Aotearoa Plan of Action, to develop an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations.

3. Although elements of the economic outlook remain positive, with pandemic indicators improving across APEC economies, global growth since the last APEC Finance Ministers' Meeting (APEC FMM) has weakened, and downside risks have risen. Uneven recoveries between and within economies, particularly disruptions in investment, tourism and services, may result in widening global inequality. Varying views were expressed on the heightened macroeconomic challenges, including energy and food prices volatility, which are consequential of the prevailing situation. The meeting expressed its concern that these and the remnant effects of the COVID-19 pandemic had contributed to supply chain disruptions and surging inflation, and the consequent tightening of financial conditions.

4. Considering the prevailing economic outlook, APEC economies reaffirm the positive role of macroeconomic and structural policies to achieve strong, balanced, inclusive, innovative, and sustainable growth to raise living standards in the region. APEC economies pledge to use all available policy tools – monetary, fiscal and structural - individually and collectively, to the extent possible, to manage inflationary pressures and steer the global economy back on its growth path.

5. APEC economies will continue to implement flexible fiscal policies to support inclusive economic growth and job creation. APEC economies will collaborate with relevant APEC fora on such issues related to macroeconomic policies, and work to strengthen economic and financial resilience, while keeping public debt on a sustainable path. Some economies acknowledge the importance of improving debt transparency through joint efforts by private

and official creditors and borrowers, while some economies emphasize the impact from the tightening of financial conditions on debt burden, resulting in debt distress.

6. Strong fundamentals and sound policies are essential to the stability of the international monetary system. APEC economies recognize that excessive volatility or disorderly movements in exchange rates can have adverse implications for economic and financial stability. APEC economies will refrain from competitive devaluation and will not adjust exchange rates for competitive purposes.

7. APEC economies emphasize the importance of a free, open, fair, inclusive, non-discriminatory, transparent, and predictable international trade and investment environment, which is conducive to global and regional economic growth, supply chain resilience, innovation, job creation, and development, in line with APEC's work on economic integration in the region.

Sustainable Finance

8. Secure, efficient, and affordable access to sustainable finance for all sectors is paramount for an inclusive and sustainable economic growth. Economies are to take actions in support of global efforts to comprehensively address all environmental challenges including climate change, and APEC economies look forward to continued progress in mobilizing global climate finance. APEC economies acknowledge the macroeconomic risks stemming from climate change and discussed the costs and benefits of different transitions. Building an ecosystem that enables both government and private sector participants to raise funds for sustainability-focused projects will help APEC economies align with global efforts to meet these goals, including advancing progress towards the United Nations' 2030 Agenda for Sustainable Development.

9. Alongside public financing, APEC economies will continue to promote the involvement of the private sector in realizing market-based sustainable finance mechanisms, innovative financing instruments, and emerging technologies. Some economies stress that economy-specific policy instruments, such as fiscal incentives, public-private partnerships, taxonomies and other alignment approaches, standardized project finance loan document templates, and, if appropriate, carbon pricing and non-pricing mechanisms and international carbon credit markets, can support the alignment of financial flows towards a greener and cleaner global economy.

10. Although the practice of sustainable finance, such as the issuance of sustainability bonds and sustainable finance instruments for sustainability-aligned projects, has shown promise in its formative years, greater ambitions, coupled with further actions and a more proactive approach are necessary to achieve multilateral goals. APEC economies urge public and private stakeholders to take action to ease entry barriers and encourage further participation and investment to support transition towards sustainability by sectors of the economy. Nevertheless, it remains necessary for economies to make this transition based on their own circumstances and in the context of multilateral goals.

11. APEC economies note the results of the *Seminar on Developing the Ecosystem for Sustainable Finance in the Capital Market*, where economies shared their experiences in developing sustainable finance instruments within their respective capital markets. Economies discussed the development of a capital market-friendly ecosystem for sustainable and transition finance, the importance of responsible business conduct, the establishment of taxonomies and other alignment tools, appropriate carbon mitigation measures, and the need to enhance interoperability and comparability of different sustainable finance standards, tools, and frameworks for emerging economies. The completion of the subsequent *Seminar Report on Developing the Ecosystem for Sustainable Finance in the Capital Market* and *Policy Recommendation Paper on Sustainable Finance* is also noted. These knowledge-sharing processes serve as an invaluable reference of member economies' approaches towards the promotion of sustainable finance and the ideas and propositions that APEC economies may henceforth look upon.

Digitalization for Digital Economy

12. Digitalization has been a revolutionary force for economic growth, catalyzing increased productivity and efficiency, reduced transaction costs, and enhanced connectivity among economic agents. APEC economies recognize the importance of digitalization as a tool to deliver financial support and stimulus packages to the people, especially during the COVID-19 outbreak, and to facilitate tax administration and increase financial inclusion. APEC economies stressed the importance of fully harnessing the power of digitalization for fiscal policy and inclusive finance, including reducing the digital divides between different socio-economic groups.

13. APEC economies welcome members' participation in the *Webinar on Digital Technology for Efficient Tax Collection* and the *Seminar on Digitalization for Inclusive Finance: Embracing the Digital Fundraising*, both of which were held in June 2022, and the *Webinar on Strategies and Initiatives on Digital Financial Inclusion: Lessons From Experiences of APEC Economies* held in July 2022, as well as the *APEC Workshop on Building an Enabling Environment for Fintech: Towards Thriving Fintech Ecosystems* that support a more prosperous, inclusive, and sustainable recovery held in September 2022.

14. Through these seminars, APEC economies have learned how both the public and private sectors can benefit from digitalization, with more efficient revenue collection, more effective delivery of government services, and improved financial access. The key to capitalizing on the benefits of digitalization for financial inclusion is to create and maintain ecosystems that allows for the proliferation of financial innovation, while remaining vigilant of, and proactively managing, the potential risks. As such, the regulation of digital finance may need to be enhanced to protect investors and consumers, and the stability of the financial system as a whole.

15. APEC economies welcome the completion of the *APEC Policy Considerations for Developing Cross-border Payments and Remittances*, which covers key considerations and

implementation options for, *inter alia*, risk management, and consumer protection for developing cross-border payment and remittance linkages.

16. APEC economies welcome the Organisation for Economic Co-operation and Development's (OECD) *Policy Recommendations Paper on Digitalization of Fiscal Measures and Policy Innovations during the COVID-19 Pandemic*, which highlights the many ways in which APEC economies used digital tools when implementing fiscal measures during the COVID-19 pandemic. APEC economies also take note of the recommendations in the paper, which have shed light on the opportunities to optimize economic recovery through digital technology.

Implementing the Cebu Action Plan

17. APEC economies welcome the contributions by members in nominating policies to be implemented as part of the New Strategy for Implementation of the Cebu Action Plan (CAP). This strategy identifies APEC economies' new and existing initiatives under the different pillars of the CAP, as well as measures in response to the COVID-19 pandemic and actions aligned with the economic drivers under the APEC Putrajaya Vision 2040. So far, 15 economies have submitted a total of 62 initiatives, 58 of which fall under the CAP pillars.

18. APEC economies welcome the Champion Economy workstream on Just Energy Transition Financing. APEC economies will continue to use the workstream as a mechanism to share knowledge and experience among APEC members, international organizations, and the private sector on relevant tools and approaches.

Other Issues

19. APEC economies emphasize the importance of disaster risk financing and insurance (DRFI) to mitigate and respond to present and future disasters or shocks. APEC economies acknowledge and appreciate the efforts, valuable inputs, and progress made by APEC economies and the APEC Working Group on Regional Disaster Risk Financing and Insurance (APEC DRFI-WG), particularly on the Risk Analysis Tool Initiative and the 2022 Workplan.

20. APEC economies acknowledge the 2022 Report of the APEC Business Advisory Council (ABAC) and encourage relevant stakeholders to collaborate in implementing its recommendations. APEC economies also thank the Asia-Pacific Financial Forum (APFF), Asia-Pacific Financial Inclusion Forum (APFIF) and Asia-Pacific Infrastructure Partnership (APIP) for their support to member economies in implementing the CAP and other Finance Ministers' Process (FMP) initiatives and look forward to their continued engagement.

21. APEC economies welcome the stocktaking paper based on members' inputs in connection with their implementation of the APEC Roadmap on Digital Financial Inclusion initiated by Chile APEC Host in 2019. The Roadmap has been well received, with 15 members voluntarily

reporting the implementation progress. The remaining APEC economies are encouraged to report their progresses on the Roadmap.

22. APEC economies welcome the OECD's ongoing effort in addressing the tax challenges arising from the globalization and digitalization of the world economy via the Two-Pillar International Tax Package, consisting of a partial reallocation of taxing rights to market jurisdictions and global minimum corporate tax rules and call for its finalization. The Two-Pillar solution seeks to bring about a stable and fair international tax architecture.

23. APEC economies must continue to work with all necessary partners to ensure people can safely and equally access health systems and that the health systems have the resilience to cope with current and future shocks. This goal will assist in moving economies towards a common goal of achieving universal health coverage.

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

25. APEC economies reaffirm the importance of the APEC FMP as an active forum for fostering policy cooperation and exchange of knowledge and experience among economies in the region.

26. APEC economies appreciate the continuous support from the Asian Development Bank, International Monetary Fund, OECD, the World Bank Group, and ABAC to the FMP's work.

27. APEC economies thank Thailand for hosting the APEC Finance Ministers' Process this year. APEC economies look forward to the United States' hosting the 30th meeting in Fall 2023.
