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APEC Finance Ministers' Meeting (APEC FMM) 20th October 2022

The Queen Sirikit National Convention Center, Bangkok

H.E. Mr. Arkhom Termpittayapaisith, Minister of Finance, has reported that the Ministry of Finance hosted the 29th APEC Finance Ministers' Meeting (APEC FMM) on 20th October 2022, held on-site at the Queen Sirikit National Convention Center, Bangkok. The meeting was chaired by the Minister of Finance. APEC member economies' Finance Ministers or representatives as well as representatives from the international organizations, such as the International Monetary Fund (IMF), the World Bank Group (WBG), Asian Development Bank (ADB), APEC Policy Support Unit (APEC SPU), and the Organization for Economic Cooperation and Development (OECD) attend this meeting. The meeting discussed on economic outlooks as well as related issues in sustainable finance and digitalization under the theme "Advancing Digitalization, Achieving Sustainability". The meetings and activities on 20th October 2022 could be concluded as follows:

1. The 29th APEC FMM meetings:

1.1 Global and Regional Economic and Financial Outlook: The meeting discussed and exchanged views on the economy with the IMF providing a forecast on global and regional economic growth. For 2022, global growth is projected at 3.2 percent, a reduction from 6.0 percent growth last year, while the APEC economy is projected to expand at 2.5 percent, growing at a slower pace than last year which was 5.9 percent. For 2023, global economy is expected to grow at 2.7 percent, decelerating from that of this year's projection, while the APEC economy is expected to expand at 2.6 percent, a slight acceleration compared to this year's expected growth. These forecasts can be attributed to the tightened monetary policies, the US dollar appreciation, and fluctuating global energy prices. These views on global and regional economic outlook have been echoed by the ADB and APEC PSU. The recommendation from the ADB to support economic recovery included enhancing regional economic cooperation.

Thailand's representative presented to the meeting the economic outlook for Thailand. The Thai economy is projected to grow at 3.0 - 3.5 percent in 2022, an improvement from the 1.5 percent growth in 2021. This recovery is mainly driven by growing domestic consumption and the revival of the tourism sector. Moreover, the targeted fiscal policies help to alleviate negative effects from the increased energy and commodity prices.

1.2 Sustainable Finance: ADB and OECD presented their experiences in providing assistance in relation to the implementation of environment-related projects. Helpful mechanisms that economies could consider include, for example, ASEAN Catalytic Green Finance Facility (ACGF) that aids the development on green projects. Moreover, they suggested that APEC economies should identify clear environmental sectors that need prioritized attention, issue bonds to finance them accordingly. The OECD highlighted green investment promotion and transitional processes toward net-zero targets, and the tool and standard of sustainable development which shall be cooperative among APEC member economies.

The meeting noted the outcomes of the seminar on “Developing the Ecosystem for Sustainable Finance in the Capital Market”, which was held in June 2022, and also policy papers on sustainable finance. Policy recommendations included clearer taxonomies on sustainable finance, carbon market development, and transition practices to the net-zero target.

1.3 Digitalization for Digital Economy: The ADB presented to the meeting “Digitalization and tax policy in Asia and the Pacific”. There were recommendations on how to increase efficiency in tax-related systems, the increase in speed and efficiency of the tax and other government services, and the use of Artificial Intelligence (AI) to do the analytics and forecasts.

The meeting noted the outcomes from the seminar on “Digital Technology for Efficient Tax Collection”, which was held in June 2022. The use of big data to manage tax information and the international guidelines on tax practices were discussed. Furthermore, the meeting took note of the policy paper “Digitalization of Fiscal Measures and Policy Innovations during the COVID-19 Pandemic”. The paper showed that digital technology was widely used to facilitate tax, financial, government, educational, and health aspects. Moreover, there was a case study on Thailand’s policy implementation via digital technology. These included National e-Payment, electronic card and the electronic data capture (EDC), e-Tax system, and Government e-Payment system.

In light of this, the meeting noted the outcomes from the policy paper called “APEC Policy Considerations for Developing Cross-border Payments and Remittances”. There were recommendations and guidelines that the APEC member economies could apply for cross-border payments and remittances. The financial connectivity will further facilitate people to be able to utilize more convenient, more secured and lower cost transactions. These will also support trade and tourism industries, aiding the revival of the post COVID-19 economy.

1.4 Implementation of Cebu Action Plan: The head of delegates from the United States reported the update on the workshop “APEC Experiences and Available Tools for Financing a Just Energy Transition”. There were methods that each APEC member economy could consider for the future use during the transitional period to cleaner energy use.

1.5 The 29th APEC FMM Chair Statement could be summed up as follows:

1.5.1 Global and Regional Economy: Economic challenges include high energy and food prices, supply chain disruption, and tighter financial condition.

1.5.2 Sustainable Finance: Secure, efficient and affordable access to sustainable finance for all sectors is paramount for an inclusive and sustainable economic growth.

1.5.3 Digitalization for Digital Economy: The application on digital technologies, especially during the COVID-19 was very important. The use of digital technology could further enable more efficient public services and more options for private sector fundraising.

1.5.4 Implementing the Cebu Action Plan: APEC member economies considered policies to be implemented as part of the New Strategy for Implementation of the Cebu Action Plan (CAP). These are related to the CAP pillars, which are (1) Promoting Financial Integration, (2) Promoting Fiscal Reforms and Transparency, (3) Enhancing Financial Resiliency, and (4) Accelerating Infrastructure Development and Financing.

1.5.5 Other Issues: Discussions touched on disaster risk financing and insurance (DRFI), more APEC cooperation with private sector, more collaboration with international organizations, and high-quality infrastructure development.

In total, the 29th APEC FMM acknowledged 6 papers. These were (1) Seminar Report on Developing the Ecosystem for Sustainable Finance in the Capital Market, (2) APEC Sustainable Finance to Embed a Sustainability Bond into Government Sustainable Finance, (3) Webinar Report on Digital Technology for Efficient Tax Collection, (4) Paper on Digitalization of Fiscal Measures and Policy Innovations during COVID-19, (5) Seminar Report on Digitalization for Inclusive Finance: Embracing the Digital Fundraising, and (6) APEC Policy Considerations for Developing Cross-Border Payments and Remittances. The papers can be used as guidelines to develop appropriate economic, financial, and fiscal policies.

2. ABAC's Executive Dialogue with APEC Finance Ministers on Inclusive Digital Finance: The dialogue covered 3 main topics, including (1) Enabling the development of inter-operable open data systems in the Asia-Pacific region; (2) Building the digital market infrastructure for MSME supply chain finance to assist MSMEs after the COVID-19 pandemic; and (3) Promoting the development of effective and inter-operable Central Bank Digital Currencies (CBDCs) to encourage the introduction of digital currencies issued by central banks. These would facilitate stakeholders in financial and business sectors to enable more efficient transactions.

3. Bilateral Meeting: The Minister of Finance attended a bilateral meeting with Mr. Christopher Hui Ching-yu, Secretary for Financial Services and the Treasury, Hong Kong, China. The discussions mainly involved global and APEC economic outlook, the cross-border payment linkages, and sustainable finance projects.

The 29th APEC FMM demonstrated APEC economies' efforts to cooperate on sustainable development and presented a very good opportunity for APEC economies to discuss and exchange views on global and regional economic outlook, get updates on sustainable finance and digitalization for digital economy. The outcomes of the 29th APEC FMM can then bring about progresses towards sustainable development goal.

The 30th APEC FMM will be hosted by the United States of America in Fall 2023.

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