

Headline: Cebu Action Plan seen as solution to market volatility in Apec economies

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The proposed Cebu Action Plan aimed at making economies belonging to the Asia-Pacific Economic Cooperation (Apec) more financially integrated, resilient and transparent augurs well with moves to address volatility affecting global markets, Finance Secretary Cesar V. Purisima said.

Purisima told a roundtable with business editors and reporters of the Inquirer on Monday night that in the past, meetings under Apec's finance ministers process delved into the most pressing concerns affecting member-economies during the time of discussion.

But as part of Philippines-led initiatives in its hosting of this year's Apec meetings, Purisima said the four-pillared, 10-year proposed roadmap—expected to be approved by the region's finance ministers when they meet in Cebu on Sept. 10 to 11—is seen to set the direction of future meetings on the financial sector.

"We're hopeful that the Cebu Action Plan will make it easier for investors to invest and for traders to trade," Purisima said.

But while the Philippines pushes for the approval of the Cebu Action Plan, Purisima said pressing current issues affecting Apec economies would not be sidestepped during the finance ministers' discussions.

The economic slowdown in China and Greek debt woes, among other external developments impacting regional and global markets, are seen to be addressed if the Cebu Action Plan gets approved.

"It even makes the case for the Cebu Action Plan stronger," Purisima said of prevailing market volatility.

He cited that for one, a key aspect of the plan's financial integration pillar is harmonizing regulations, which, "if we succeed in harmonizing regulation, then various players in different countries will know that you're looking at one country's financial sector as if looking at their own financial sector."

The Cebu Action Plan also fosters sharing of information, which is seen leading to answers to market uncertainties.

"For example, the biggest question during the global financial crisis was how much really were the amount of outstanding derivatives. If we can integrate the financial sectors of different countries, there will be information sharing," he said.

Under the theme "Building Inclusive Economies, the Road to Financial Resilience," the Cebu Action Plan "seeks to harmonize or coordinate the policies, rules and practices across Apec economies to support strong, sustainable, inclusive and balanced growth throughout the region."

Specifically, the 10-year roadmap aims to enable the following: Free trade, especially in financial services, and the free flow of cross-border investments; good governance and sound fiscal policies;

rapidly growing financial markets that offer diversified financial instruments, financial inclusion for all households and businesses; and financial resilience to risks arising from climate change and other natural disasters; and development of quality infrastructure.

According to the draft roadmap, “the time period of the Cebu Action Plan and its initiatives and deliverables, is envisioned to last through 2025.”

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Since Apec is nonbinding, member-economies are nonetheless “free to determine their respective undertakings in relation to the Cebu Action Plan’s initiatives and deliverables, within the bounds of their domestic policies and regulations.”