Beijing Initiative for Promoting International Convergence of Accounting in Emerging and Transition Economies

July 12, 2007 Beijing

The Symposium on International Convergence of Accounting in Emerging Markets and Transition Economies, jointly hosted by International Accounting Standards Board (IASB) and China Accounting Standards Committee (CASC), was held in Beijing on July 10-11, 2007. The participants present at the Symposium (hereinafter referred to as "the participants"), which include representatives from the World Bank, the UNCTAD, EU，seventeen emerging markets, transition economies and developed market economies, discussed strategies taken by emerging markets and transition economies to adopt or converge with International Financial Reporting Standards (IFRSs) and the challenges encountered during the process. Building upon and strengthening cooperation with emerging markets and transition economies in the development, implementation and training of accounting standards will promote emerging markets and transition economies to participate in international convergence and is beneficial to a single global high-quality set of financial reporting standards to meet the objective needs of economic globalization.

The participants discussed the efforts made by emerging markets and transition economies in the international convergence of accounting, and called for mutual understanding and common actions in the following aspects:

1. Emerging markets and transition economies should build up a clear concept about international convergence of accounting, and take active action to develop a plan on convergence with IFRSs. The international convergence of accounting is the irreversible trend and direction of development. The participants support international convergence of accounting and the IASB in its efforts to build a global high-quality accounting standards system. The IASB encourages countries to participate in the international convergence process by developing a plan to adopt the complete set of IFRSs. However, the IASB recognizes that there are specific conditions in each jurisdiction. Convergence is a process and should be a two-way interaction between national accounting standards setters and the IASB. The participants shared experiences on the international convergence of accounting in their own countries at the Symposium, and took note that China's developments of accounting standards and its achievements towards international convergence have accumulated valuable and significant experience for emerging markets and transition economies.

2. The IASB should continue to create a favorable environment for emerging

markets and transition economies to participate in the development of IFRSs thus achieve the international convergence of accounting. The International Accounting Standards Committee Foundation (IASCF) Constitution charges the IASB to consider the needs of emerging markets and transition economies in its standard-setting and other activities. Accordingly, opinions from different parties, including emerging markets and transition economies, and their actual situations need to be taken into sufficient considerations during the standard-setting of the IASB. The IASB participates in several outreach activities, including sponsoring regional meetings, at which it seeks to learn the views of its constituents. Emerging markets and transition economies are also represented on the IASCF Trustees and Standards Advisory Council (SAC). Emerging markets and transition economies are important participants in the global capital market and users of IFRSs, thus they will play an important role in IFRSs setting. Therefore, the participants proposed to set up a **Forum on International Convergence of Accounting in Emerging Markets and Transition Economies** to establish a regular exchange mechanism to improve and implement the various suggestions raised in the *Beijing Initiative*. The Forum can be convened annually by the IASB, CASC, other emerging markets and transition economies , and accounting organizations who are willing to host the Forum. The minutes of discussions at the Forum will be offered to the IASB. The participants unanimously agreed to try to gain support to the Forum from their local agencies and supervisory departments. All the emerging markets and transition economies are welcome to participate in this Forum.

3. Emerging markets and transition economies should take more positive actions to participate in the international convergence of accounting and development of IFRSs. All emerging markets and transition economies should strengthen communication and exchange with the IASB, as well as that among one another. Such cooperation can be conducted in various forms ranging from the experience of adopting IFRSs or formulating standards and models of personnel education and training. As joint hosts of this conference, the IASB and CASC will continue to support emerging markets and transition economies to take positive actions in international convergence. The CASC informed the participants that it will work together with the IASB through IASCF's education department to consider the establishment of an education training program on international convergence targeted at emerging markets and transition economies. The CASC will utilize project funds of Asia-Pacific Finance and Development Center (AFDC) to train human resources from emerging markets and transition economies in the field of international convergence of accounting.