

1. *What is the Chiang Mai Initiative Multilateralization?*

The Chiang Mai Initiative Multilateralization or the CMIM is a multilateral arrangement among the finance ministries and central banks of the ASEAN+3 member economies¹ (collectively, the CMIM Parties and each a CMIM Party) that is governed by a single contractual agreement for the purpose of providing financial support in United States Dollars (USD) and/or local currencies (LCY) of CMIM Parties through currency swap transactions among them. The initial size of the CMIM Arrangement was US\$120 billion, comprised of contributions from the CMIM Parties. At the 15th ASEAN+3 Finance Ministers and Central Bank Governors Meeting (AFMGM+3) held on 03 May 2012 in Manila, Philippines, the CMIM features were enhanced including the doubling of its size to US\$240 billion and the introduction of a crisis prevention facility.

The CMIM evolved from the Chiang Mai Initiative (CMI), the first regional currency swap arrangement launched by the ASEAN+3 countries in May 2000. CMI was comprised of: (a) the ASEAN Swap Arrangement (ASA)² among ASEAN countries; and (b) a network of bilateral swap arrangements (BSAs)³ among the ASEAN+3 economies.

2. *What are the objectives of the CMIM?*

The CMIM aims to: (a) address potential and actual balance of payments (BOP) and USD short-term liquidity difficulties in the region; and (b) supplement existing international financing arrangements.

3. *When did the CMIM take effect?*

The original CMIM Agreement was signed on 24 December 2009 and entered into force on 24 March 2010. A series of amendments to enhance CMIM was undertaken to strengthen the regional financing arrangement and ensure its smooth operationalization, as follows:

¹ Includes the ASEAN countries (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam), and China; Hong Kong, China; Japan; and Korea.

² The ASA, which involved a total amount of US\$2 billion, allows member banks to swap their local currencies with major international currencies, i.e., US Dollar, Japanese Yen, and Euro, for an amount up to twice their committed amount under the facility. The ASA was first established on 05 August 1977 by the five (5) founding members of the ASEAN, namely Indonesia, Malaysia, the Philippines, Thailand, and Singapore. The Philippines committed to contribute up to US\$300 million and could request swap of up to US\$600 million worth of Philippine peso. Furthermore, the ASA expired on 16 November 2021 and is undergoing negotiations to reestablish the financial support arrangement among ASEAN member states.

³ In the context of the CMI, a BSA provided financial assistance in the form of swaps to any ASEAN+3 economy participating in the CMI in need of BOP support or short-term liquidity support. The BSA was intended to complement existing international financial facilities, including those provided by the International Monetary Fund (IMF) and the then expanded ASA.

Year	Effectivity	Amendments
2012	17 July 2014	<p>During the 15th AFMGM+3 on 03 May 2012 in Manila, Philippines, Finance Ministers and Central Bank Governors unanimously agreed:⁴</p> <ul style="list-style-type: none"> • To double the size of the CMIM from US\$120 billion to US\$240 billion; • To increase the IMF De-Linked Portion (IDL)⁵ to 30 percent; • To lengthen the maturity and supporting periods of the IMF Linked Portion (ILP) and IDL; and • To introduce a crisis prevention facility called the CMIM Precautionary Line (PL).
2016 to 2018	23 June 2020	<p>Pursuant to the conclusion of the first periodic review of the CMIM and approval by the Finance Ministers and Central Bank Governors on 02 May 2019 in Nadi, Fiji,⁶ the Amended CMIM came into effect on 23 June 2020, with the following key points:⁷</p> <ul style="list-style-type: none"> • To create more flexibilities for the financing period of the ILP of the CMIM to secure consistency with the IMF-supported programs and strengthen coordination mechanism with the IMF; • To introduce an overarching legal basis for conditionality in order for the CMIM to support members in addressing their risks and vulnerabilities through policy recommendations as well as financial support; and • To address legal ambiguity issues.
2020	31 March 2021	<p>Pursuant to the Finance Ministers' and Central Bank Governors' approval on 18 September 2020⁸ of further enhancements to the fundamental aspects of the CMIM, the amended CMIM Agreement came into effect on 31 March 2021, with the following key features⁹</p> <ul style="list-style-type: none"> • To increase the IDL from 30 percent to 40 percent; • To institutionalize the use of members' LCY, in addition to USD, for CMIM financing on a voluntary and demand-driven basis; and • To address other technical issues, including revisions related to the reference rate, specifically the transition from the use of London Inter-Bank Offered Rate (LIBOR).

⁴ Joint Statement of the 15th ASEAN+3 Finance Ministers' Meeting 03 May 2012, Manila, Philippines

⁵ The IDL means with respect to any Arrangement Requesting Party (ARP), the maximum amount (excluding any interest thereon), equivalent to 30 percent (since 2021, increased to 40 percent) of the Maximum Arrangement Amount, that may be provided under the CMIM Arrangement, of the total amount of CMIM Arrangements that can be made by such ARP and remain established or outstanding at any given time in circumstances where an IMF-Supported Program does not exist in relation to the Arrangement Requesting Country and is not, in the judgement of the ELDMB, expected to come into existence in the very near future.

⁶ Joint Statement of the 22nd ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting, 02 May 2019, Nadi, Fiji

⁷ Press Release on the Amended CMIM, 23 June 2020

⁸ Press Release on the amendment of the CMIM Agreement and the Operational Guidelines

⁹ Press Release on the Amended CMIM, 31 March 2021

Year	Effectivity	Amendments
2022	01 January 2022	<p>The 25th AFMGM+3 on 12 May 2022 welcomed the updates to the CMIM Operational Guidelines (OG) to reflect the following agreements of the Members effective 01 January 2022:¹⁰</p> <ul style="list-style-type: none"> • Use of each member's own local currency for CMIM arrangements; and • New reference rate for CMIM liquidity support arrangements to align the CMIM reference rate with global financial market conventions.
2023	19 January 2024	<p>Pursuant to the endorsement of the ASEAN+3 Finance and Central Bank Deputies Meeting (AFCDM+3) on 06 to 07 December 2023 in Kanazawa, Japan, the CMIM OG was updated to reflect the following agreements effective 19 January 2024¹¹:</p> <ul style="list-style-type: none"> • New CMIM margin structure, which aims to improve the accessibility and effectiveness of the facility.

4. *What is the effect of the CMIM on the other swap arrangements under the CMI?*

The CMIM replaces the existing network of BSAs among ASEAN+3 member economies. ASEAN+3 member economies, however, are not precluded from entering separate bilateral currency swap arrangements if the parties consider it necessary to supplement the CMIM. In fact, the BSP has an existing BSA with the Bank of Japan.¹²

5. *What distinguishes CMIM from CMI?*

CMIM is a multilateral currency swap arrangement with the total size of US\$240 billion, governed by a single contractual agreement, while the CMI is a network of bilateral swap arrangements among the “Plus Three” and ASEAN-5 countries¹³. In addition, an independent regional surveillance unit called the ASEAN+3 Macroeconomic Research Office (AMRO) was established as a company limited by guarantee in Singapore in April 2011 to monitor and analyze regional economies and support the CMIM decision-making process. AMRO was transformed into an international organization (IO) in February 2016 to strengthen its contribution to securing macroeconomic and financial stability in the ASEAN+3 region.

6. *What are the types of facilities available to CMIM members? How long are the maturity and the supporting periods?*

The CMIM offers two facilities: the CMIM-PL which, as a crisis prevention facility, may be tapped for potential crisis or liquidity difficulties and the CMIM-Stability Facility (SF) which may be availed for crisis resolution. Under both facilities, 40 percent of the maximum drawable amount by any member may be quickly disbursed, called the IDLP. Meanwhile, the ILP refers to the maximum amount

¹⁰ Joint Statement of the 25th ASEAN3 Finance Ministers and Central Bank Governors Meeting, 12 May 2022, Virtual

¹¹ Co-chairs' Press Statement on the ASEAN+3 Finance and Central Bank Deputies' Meeting, 07 December 2023

¹² The BSP-BOJ BSA renewal took effect on 1 January 2022 and will be valid until 31 December 2024

¹³ Indonesia, Malaysia, Philippines, Singapore, and Thailand

that may be drawn in circumstances where an IMF-Supported Program exists or is expected to come into existence in the very near future.

The maturity and supporting period of the CMIM facilities are as follows:

Facility		Maturity	Number of Renewals	Maximum Supporting Period
CMIM-PL	IDLP	6 months	3 times	2 years
	ILP	1 year	multiple times to be consistent with the relevant IMF-Supported Program	in line with the supporting period of the IMF-Supported Program
CMIM-SF	IDLP	6 months	3 times	2 years
	ILP	1 year	multiple times to be consistent with the relevant IMF-Supported Program	in line with the supporting period of the IMF-Supported Program

7. What is the level of CMIM contribution of the ASEAN and the Plus Three countries as regional groupings?

With the total size of US\$240 billion, the contribution proportion between ASEAN and the Plus Three economies is at 20:80, i.e., the 10 ASEAN member countries will collectively contribute US\$48 billion, while China, Hong Kong, China, Japan, Korea, and will collectively contribute US\$192 billion.

8. How much will the Philippines contribute to the CMIM? How much can it borrow from the CMIM?

The Philippines, through the BSP, has a contribution commitment of US\$9.104 billion to the CMIM. The Philippines may be able to borrow up to 2.5 times its contribution commitment to the CMIM, i.e., US\$22.76 billion.

9. Does the contribution to the CMIM involve outright transfer of the committed amount?

No. The contribution commitment to the CMIM does not involve outright transfer of the committed amount. The central banks/monetary authorities of ASEAN+3 economies issue a commitment letter in the amount equivalent to their committed contribution. Under this arrangement, the management and custody of committed reserves remain with the central banks until a swap request has been approved. The amount to be provided by each CMIM Party will only be proportionate to its respective contribution to the CMIM.

10. What is the importance of the CMIM for: (a) the Philippines; and (b) regional stability?

The CMIM is important to the Philippines in two ways: (a) as a contributor to the multilateral swap facility, the Philippines will be able to provide liquidity assistance to another CMIM member which is experiencing liquidity difficulty; and (b) as a recipient, the Philippines may be able to borrow up to US\$22.76 billion from the facility to help avert an impending or actual BOP problem. From the regional standpoint, the CMIM is a testament to the strong cooperative spirit among ASEAN member countries, China, Hong Kong, China, Japan, and Korea. Aside from the US dollar swaps and members' local currencies that can be tapped by its members should the need arise, CMIM also resulted in the establishment of the AMRO which serves as an independent regional surveillance organization that will ensure timely monitoring and analysis of the ASEAN+3 economies. This surveillance mechanism will in turn aid in the early detection of risks, swift implementation of remedial actions, and effective decision-making of the CMIM, which is expected to help promote stability in the region.

11. What is the activation process under the CMIM?

Activation of swap transactions under the CMIM may be initiated by any CMIM Party by submitting to the CMIM Coordinating Countries¹⁴ a request for the purchase of US dollars or other members' currencies under the CMIM arrangement with its local currency. The Coordinating Countries, in turn, will deliver the swap request notice and other relevant information to the Executive Level Decision Making Body (ELDMB) and convene a meeting to decide on the swap request. Upon approval, CMIM Parties will proceed with the activation of bilateral swap transactions between each of the swap providing parties and the relevant swap requesting party, in accordance with the terms and pro rata allocation provided in the CMIM Agreement. In any event, determinations required in response to a swap request should be completed within two weeks following the delivery of the swap request notice to the members of the ELDMB.

12. What is AMRO and what is its role under the CMIM?

AMRO was established in 2011 and transformed into an international organization in February 2016 mandated to conduct regional macroeconomic surveillance to contribute to securing macroeconomic and financial stability in the ASEAN+3 region. AMRO's vision is to be an independent, credible, and professional regional organization acting as a trusted policy advisor to its members.

The establishment of AMRO ensures timely monitoring and analysis of the ASEAN+3 economies, which will in turn aid in the early detection of risks, swift implementation of remedial actions, and effective decision-making of the CMIM.

Governance of AMRO is being exercised by the Executive Committee (EC) composed of ASEAN+3 finance and central bank deputies. AMRO operations

¹⁴ Refer to the two Chairs of the ASEAN+3 Finance and Central Bank Deputies' Meeting (one from the ASEAN Member States and one from the Plus Three countries)

are headed by the AMRO Director, Chief Economist and two (2) Deputy Directors. The incumbent Director is Dr. Kouqing Li of China.¹⁵ An Advisory Panel (AP), comprised of six (6) distinguished members,¹⁶ provides timely strategic, technical, and professional inputs to AMRO's macroeconomic assessments. AMRO's office is located at the Monetary Authority of Singapore complex in Singapore.

In terms of its role under CMIM, during peace time, AMRO conducts annual consultations with individual member economies and on this basis, prepares consolidated reports focusing on the macroeconomic assessment of the ASEAN+3 region and individual member economies. On the other hand, AMRO will, during crisis time, prepare recommendations on any swap request based on its macroeconomic analysis of the swap requesting member and monitor the use and impact of funds once any swap request is approved.

13. *What is the future direction of the CMIM initiative in the post-pandemic era?*

Following the unprecedented economic impacts of the COVID-19 pandemic, the role of CMIM in supporting financial stability in the region has been underscored. The ASEAN+3 members emphasized the importance of further strengthening the regional financial safety net and agreed on the necessity of discussing various aspects of the CMIM to enhance its usability and responsiveness on a continuous basis. The 26th AFMGM+3 in May 2023 welcomed the discussion on the creation of a rapid financing facility, which will allow the members to access financing to meet urgent balance of payment needs arising from sudden exogenous shocks, such as pandemics and natural disasters. The Meeting also agreed to explore possible financing structures, including through the study on the pros and cons of paid-in capital structure, in order to enhance the effectiveness of the regional safety net.¹⁷ By end-2023, members have developed a roadmap to further advance discussions of financing structures to enhance the credibility and effectiveness of the regional financial safety net with the aim of narrowing down possible modalities by 2025.¹⁸

¹⁵ May 2022-May 2025

¹⁶ AP members as of March 2024: Diwa C. Guinigundo (AP Chair), Chanwoo Lee, Xin Li, Hiroshi Naka, Chantavarn Sucharitakul, and Dody Budi Waluyo.

¹⁷ Joint Statement of the 26th ASEAN+3 Finance Ministers' and Central Bank Governors' Meeting (Incheon, Korea, 02 May 2023)

¹⁸ Co-chairs' Press Statement on the AFCDM+3, 07 December 2023