



Chiang Mai Initiative Multilateralization (CMIM)

: Progress and Challenges

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Main Storyline

What is CMIM?

1. History of CMIM
2. CMIM Facilities
3. The Size of CMIM

Why Do We Need CMIM?

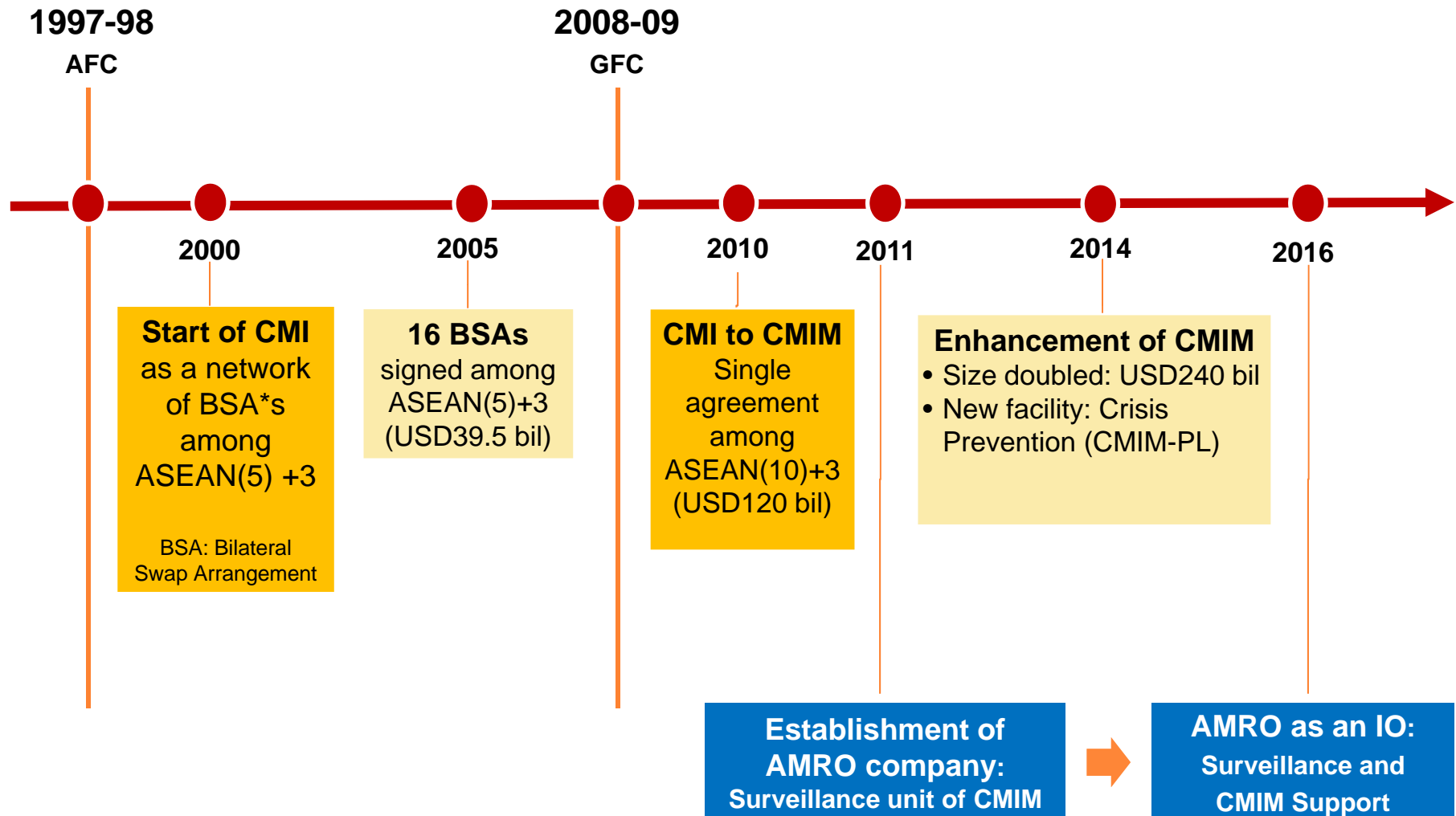
4. FSNs have increased for ASEAN countries
5. But, IMF facility alone may not be sufficient
6. Reserve accumulation is expensive and difficult
7. Volatile capital flows can deplete reserves quickly
8. Reserve adequacy improved but some need more security
9. CMIM is large compared to other RFAs, but no paid-in-capital

AMRO as a Regional Surveillance Unit

10. Key functions of AMRO
11. But, IMF facility alone may not be sufficient

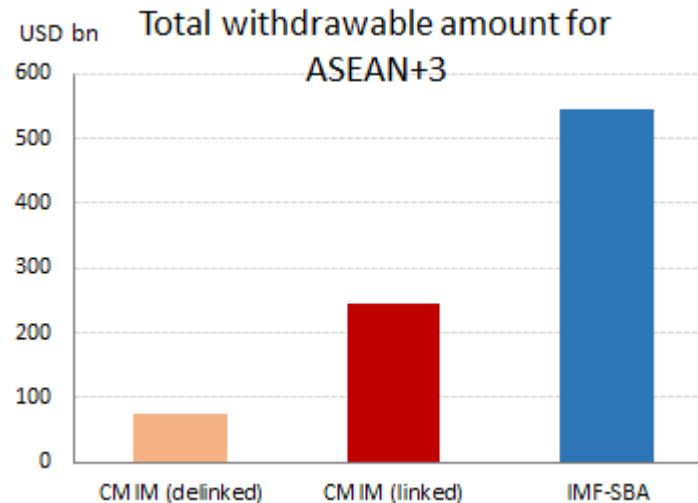
What is CMIM?

CMIM is its very early stage and with no record of activation



CMIM Facilities: by its purpose and linkage to the IMF

		To be linked to IMF Facility?	
		No (=delinked)	Yes (=linked)
For crisis prevention?	Yes (=PL)	(1) CMIM-PL (delinked)	(2) CMIM-PL (linked)
	No (=SF)	(3) CMIM-SF (delinked)	(4) CMIM-SF (linked)



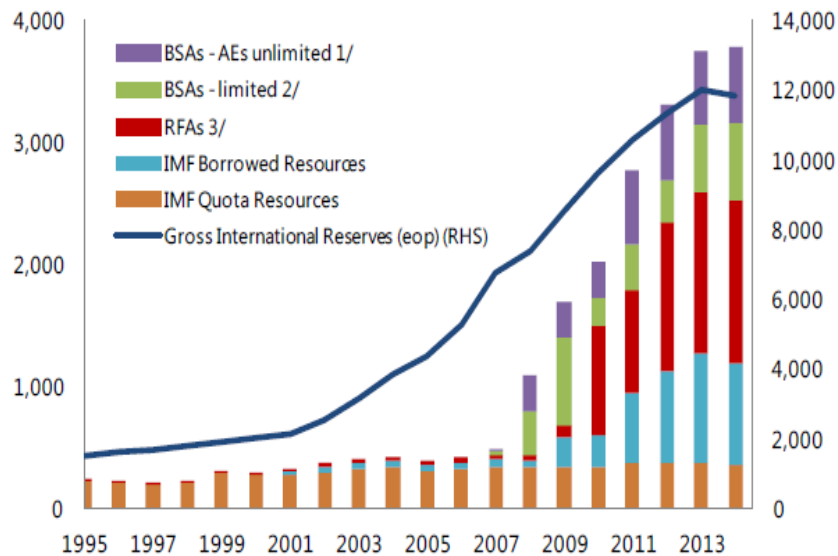
Size: CMIM is bigger than the IMF facility for some members

	CMIM		IMF-SBA
	De-linked	Linked	(435%)
China	10.3	34.2	185.5
HK China	1.9	6.3	-
Japan	11.5	38.4	187.6
Korea	11.5	38.4	52.2
Indonesia	6.8	22.8	28.3
Singapore	6.8	22.8	23.7
Malaysia	6.8	22.8	22.1
Thailand	6.8	22.8	19.5
Philippine	6.8	22.8	12.4
Vietnam	3.0	10.0	7.0
Cambodia	0.4	1.2	1.1
Myanmar	0.2	0.6	3.1
Brunei	0.1	0.3	1.8
Lao PDR	0.1	0.3	0.6
Total	73.1	243.5	545.1

Why do we need CMIM?

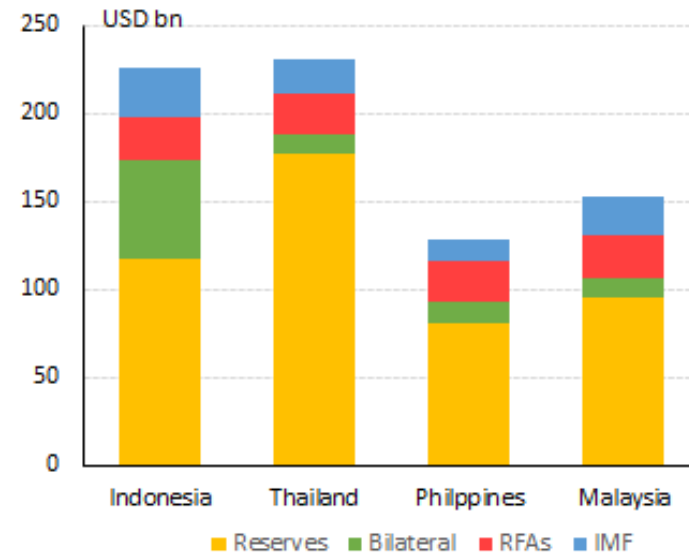
FSNs have increased globally and in ASEAN+3 since GFC

Evolution of the GFSN (in USD bn)



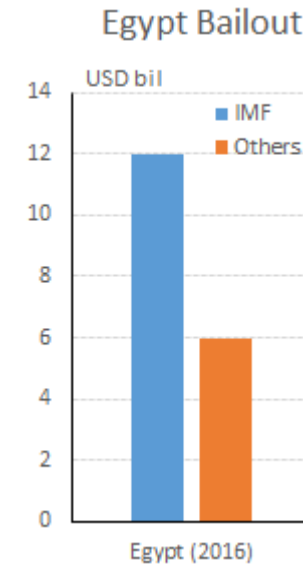
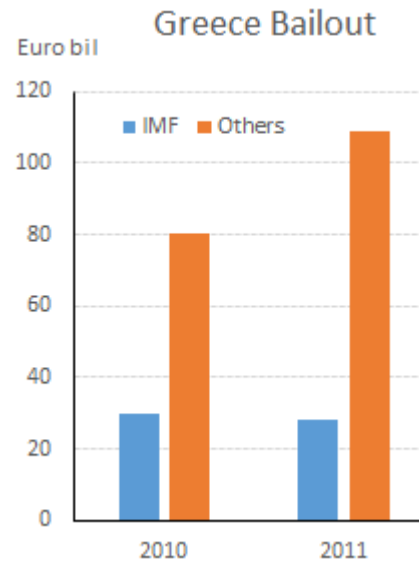
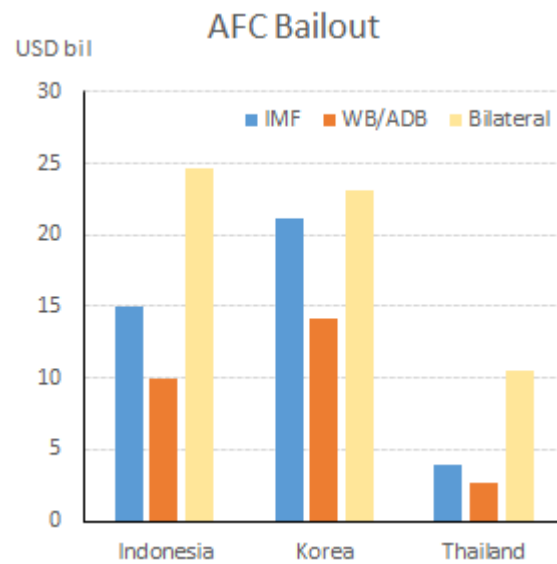
Note: 1/ Unlimited swap arrangements are estimated based on known past usage.
 2/ Limited-value swap lines include all arrangements with a value limit, exclude all CMIM and NAFA
 3/ Based on explicit lending capacity/limit where available, committed resources, or lending capacity
 Source: IMF

Safety Nets for ASEAN-4



Note: RFAs include CMIM and ASEAN Swap Arrangement.
 Data used are available as of February 2017.
 Source: National central banks, IMF, AMRO staff calculations

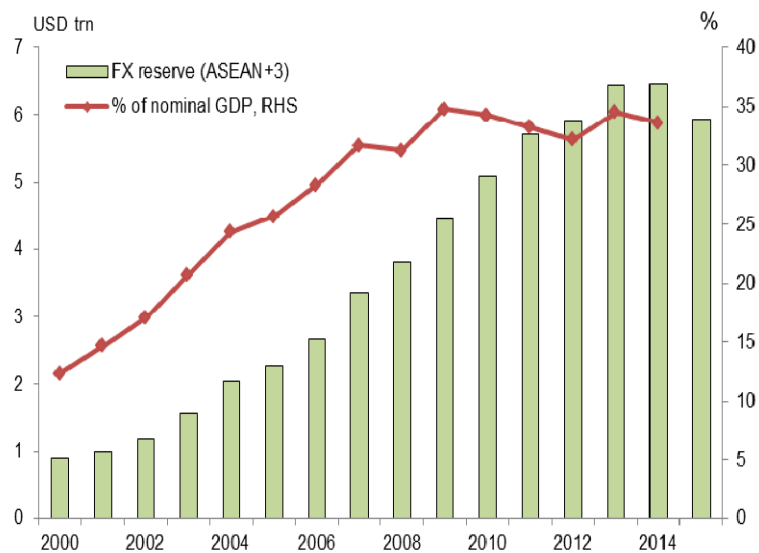
IMF facility alone may not be sufficient for crisis funding



Note: 1/ "Others" in Egypt Bailout includes bilateral contributions by China, the United Arab Emirates, and G7 countries.
Source: IMF, European Financial Stability Fund (EFSF)

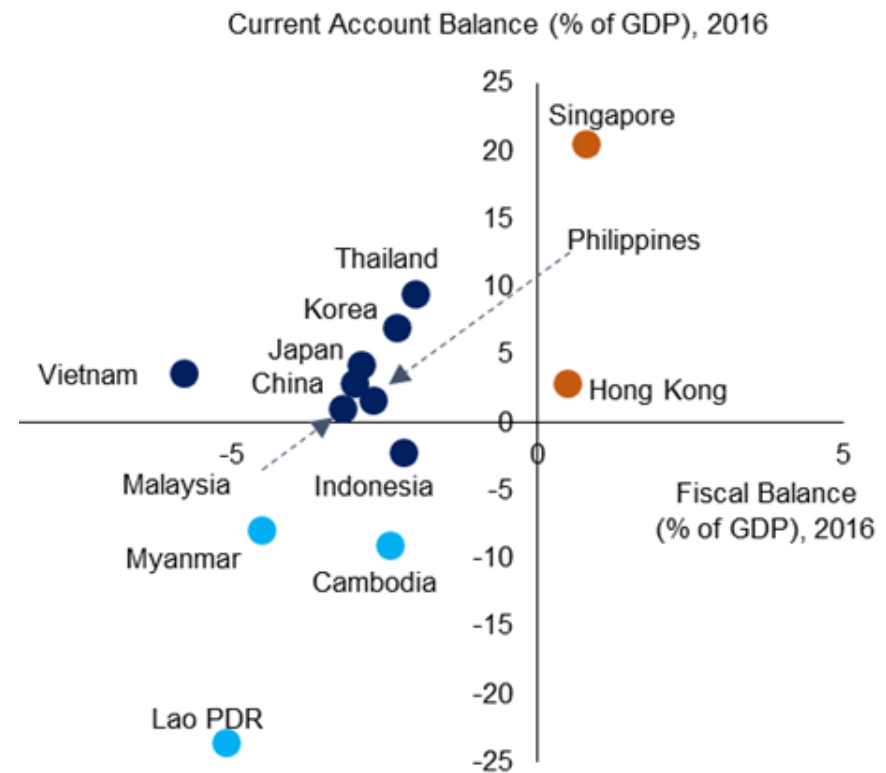
Liquidity management: reserves are costly and hard to accumulate

Foreign Exchange Reserves in ASEAN+3



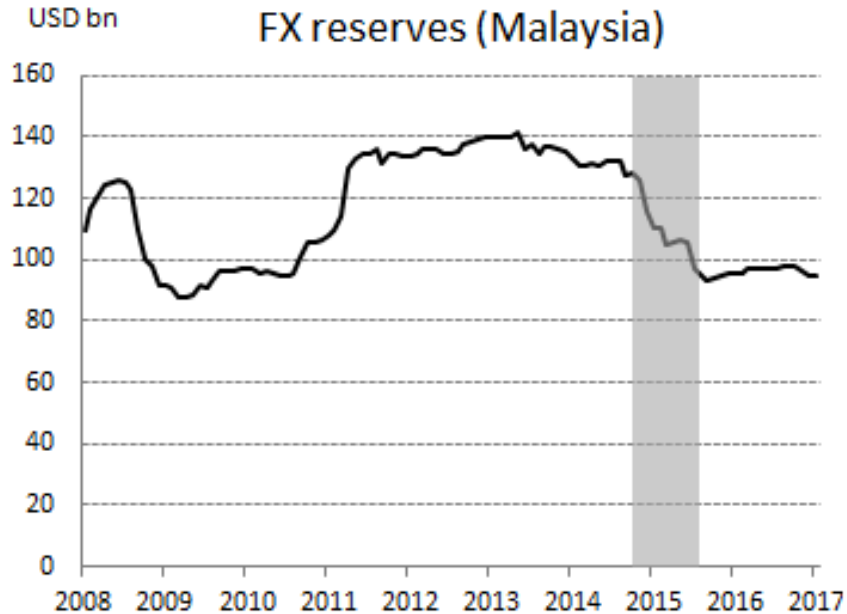
Note: Myanmar is excluded due to data availability. The GDP share for 2015 will be updated upon the Laos GDP figure in 2015 available.
Source: National central banks, CEIC, AMRO staff calculations

Current Account and Fiscal Balance in ASEAN+3

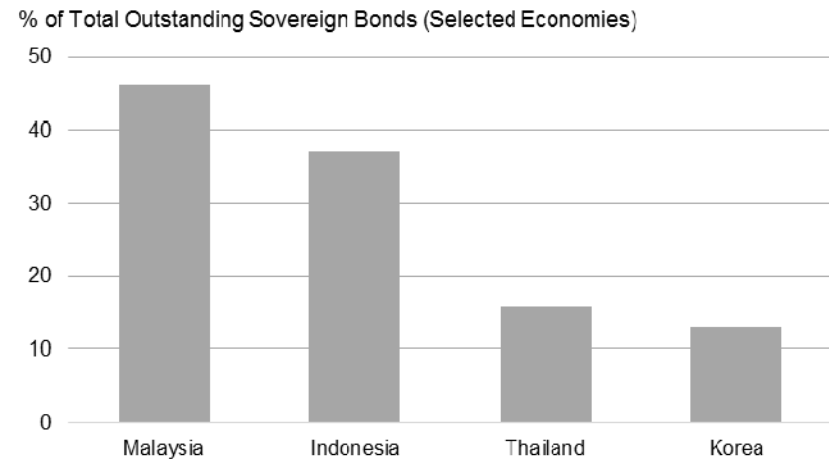


Volatile capital flows can deplete FX reserves quickly

FX reserves in regional EMs can be depleted quickly during volatile periods



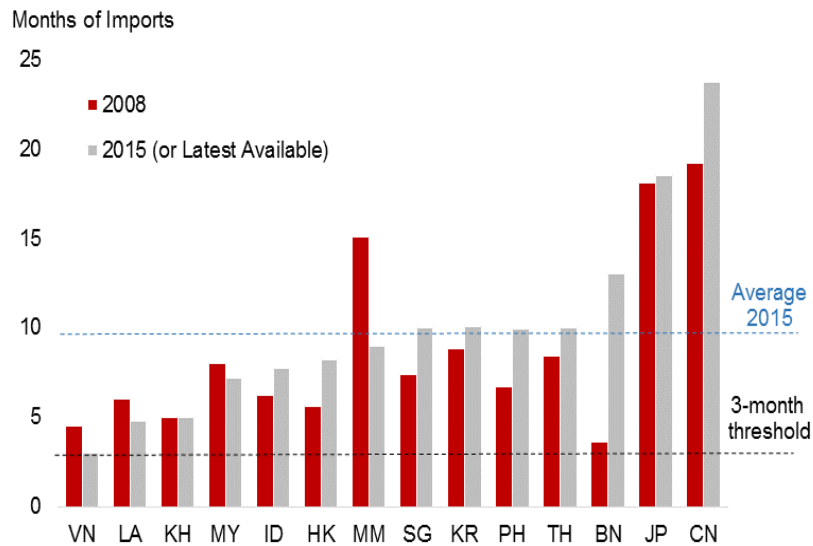
Foreign holdings of local currency sovereign bonds are sizeable in some regional EMs



Note: Data refers to foreign participation in local currency sovereign securities only. Data for Malaysia do not include Government Investment Issues and Bank Negara Malaysia Bills/Notes (for Malaysia), State-Owned Enterprises Bonds and Bank of Thailand bonds (for Thailand), Bank Indonesia Certificate (for Indonesia) and Bank of Korea's Monetary Stabilisation Bonds (for Korea). Data as of December 2016
Source: National Authorities

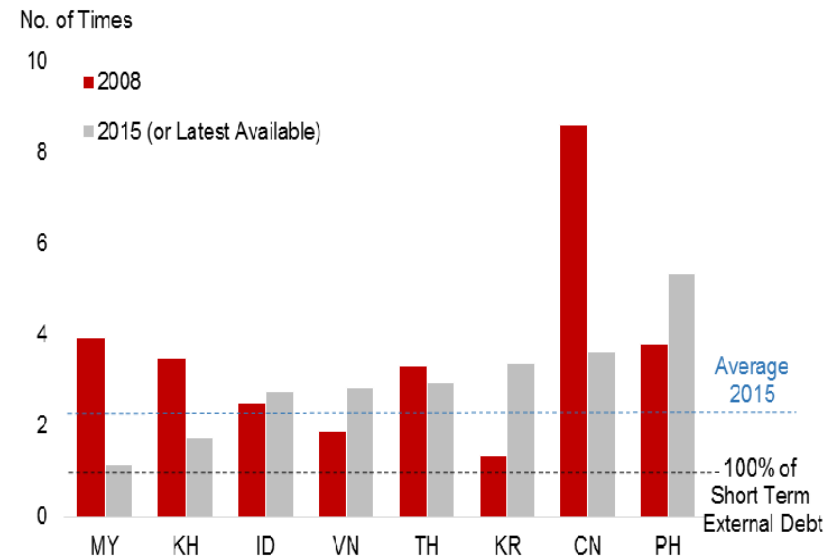
Reserve adequacy improved, but still room for improvement

FX reserves to import



Note: Latest data for Vietnam refers to 2012, while data for Cambodia and Myanmar refers to 2014.
Source: National Authorities, AMRO ERPD Matrix

FX reserves to Short-term Debt



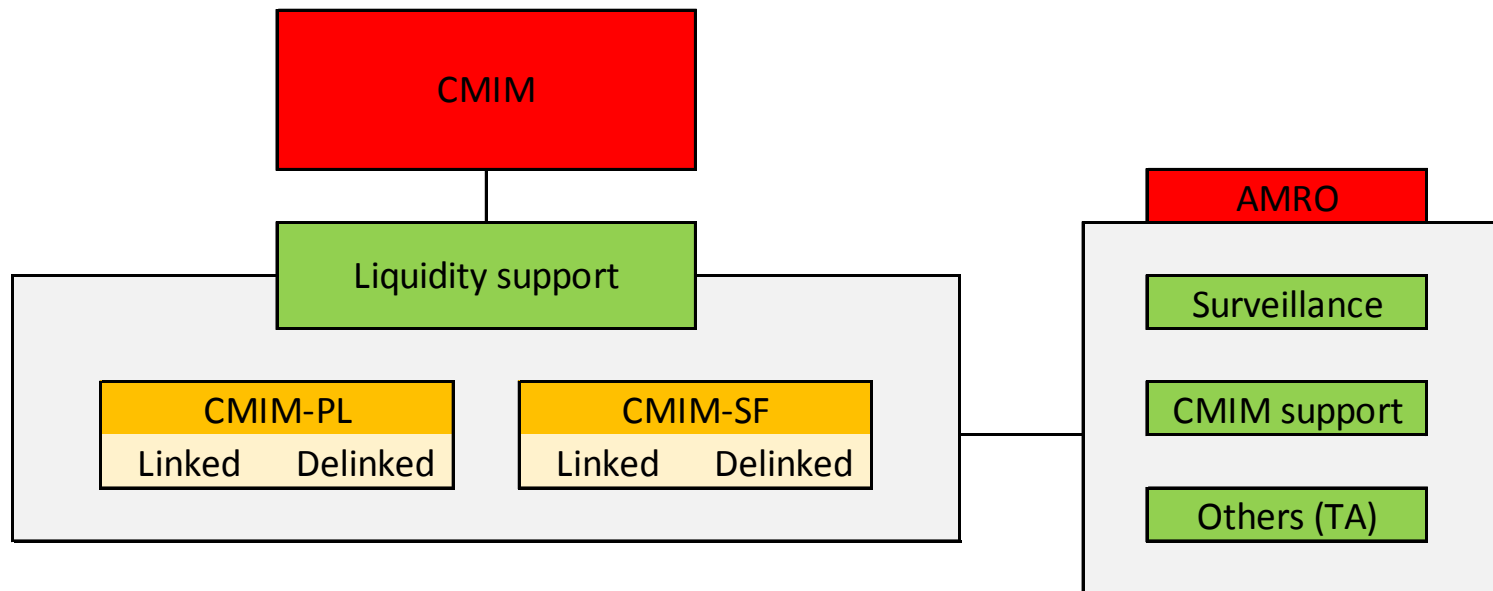
Note: Latest data for Cambodia refers to 2014 only.
Source: National Authorities, AMRO ERPD Matrix

CMIM is large compared to other RFAs, but no “paid-in-capital”.

	Year	Members	Prior Usage	Paid-in capital	Size
Arab Monetary Fund (AMF)	1976	22	13 member cases (recently Morocco, Egypt)	Yes	USD4 bn
Latin American Reserve Fund (FLAR)	1991	8	47 credit operations (recently Ecuador)	USD2.6 bn	USD6.2 bn
European Stability Mechanism (ESM)	2012	19	Greece, Ireland, Portugal, Cyprus, Spain	EUR80.55 bn	EUR500 bn
Chinag Mai Initiative Multilateralization (CMIM)	2010	13+1	-	-	USD240 bn

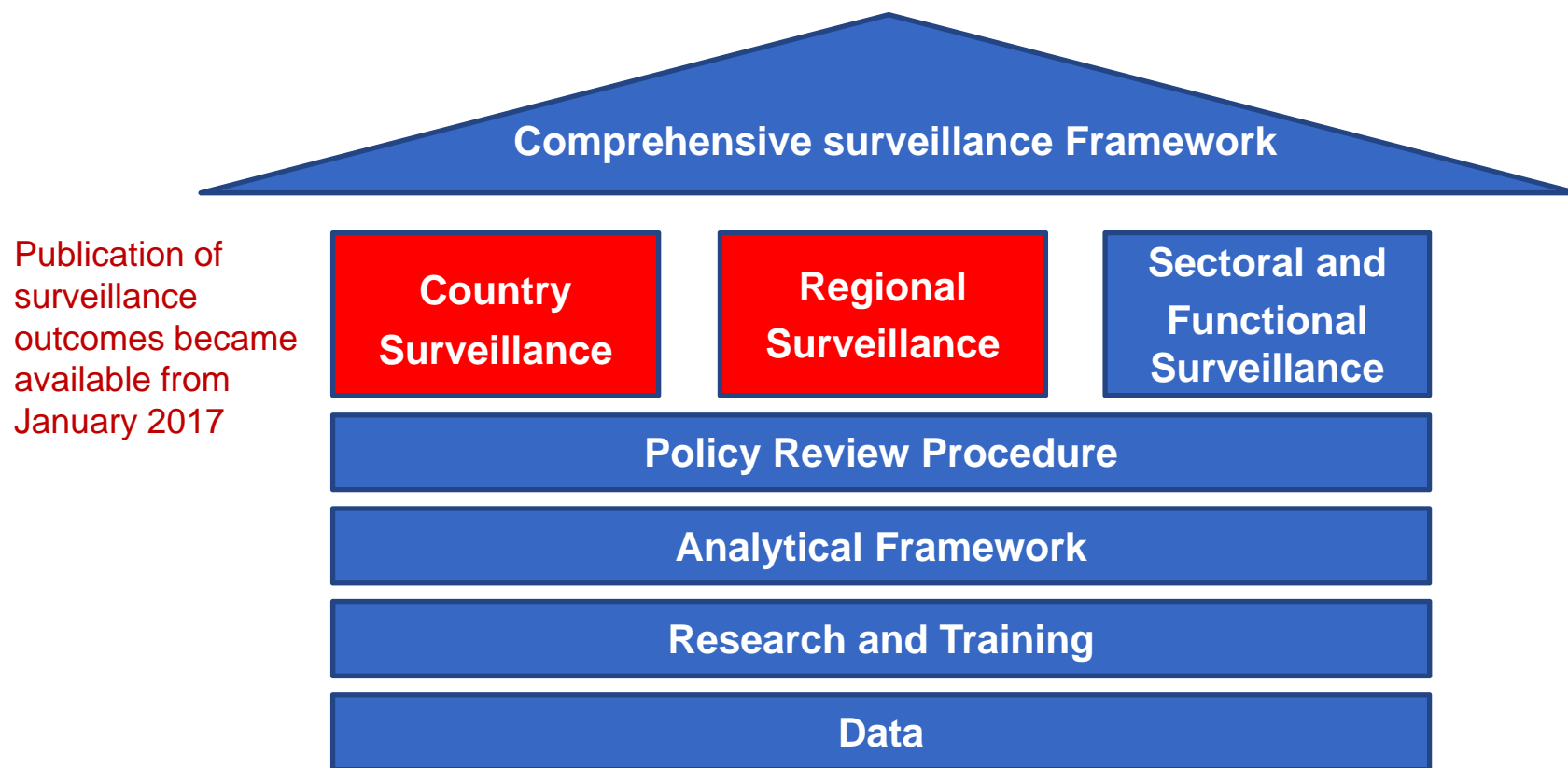
AMRO as a regional surveillance unit

AMRO is a supporting organization of CMIM



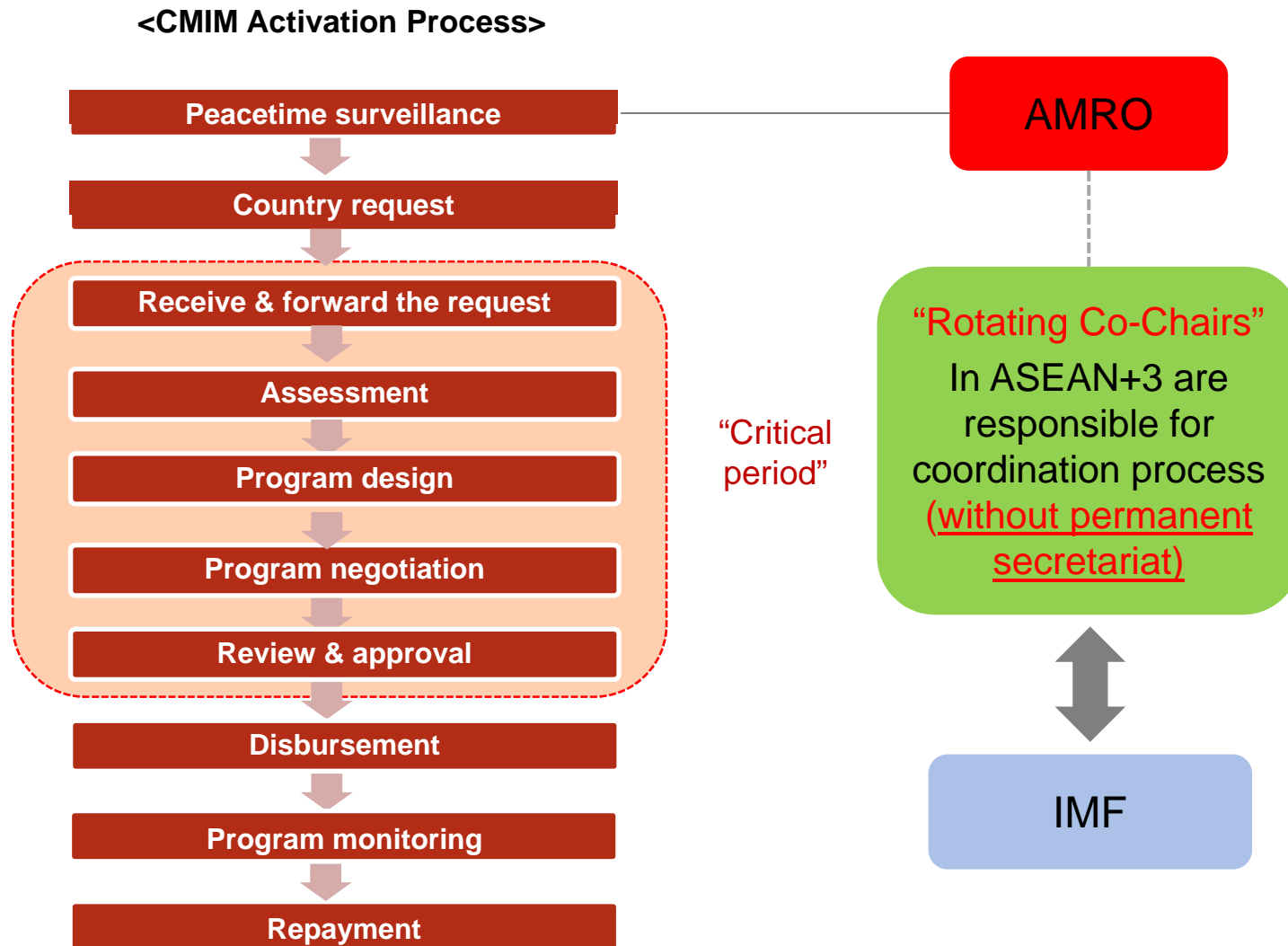
- Established in 2011 and became IO in 2016
- 52 head-counts (27 for surveillance team, 2 for CMIM team with double-hatted surveillance team members)

“Surveillance” is in the early stage with limited resources & capacity



Still many elements of AMRO's comprehensive surveillance are “incomplete and build-in-progress”

“CMIM supporting role” of AMRO needs to be strengthened



THANK YOU

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