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

1997-98 AFC

- Start of CMI as a network of BSA*s among ASEAN(5) +3
  - BSA: Bilateral Swap Arrangement

2000

2005

- 16 BSAs signed among ASEAN(5)+3 (USD39.5 bil)

2008-09 GFC

- CMI to CMIM Single agreement among ASEAN(10)+3 (USD120 bil)

2010

2011

2014

2016

- Enhancement of CMIM
  - Size doubled: USD240 bil
  - New facility: Crisis Prevention (CMIM-PL)

- AMRO as an IO: Surveillance and CMIM Support

- Establishment of AMRO company: Surveillance unit of CMIM
**CMIM Facilities: by its purpose and linkage to the IMF**

<table>
<thead>
<tr>
<th>For crisis prevention?</th>
<th>To be linked to IMF Facility?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes (=PL)</td>
<td>(1) CMIM-PL (delinked)</td>
</tr>
<tr>
<td></td>
<td>(2) CMIM-PL (linked)</td>
</tr>
<tr>
<td>No (=SF)</td>
<td>(3) CMIM-SF (delinked)</td>
</tr>
<tr>
<td></td>
<td>(4) CMIM-SF (linked)</td>
</tr>
</tbody>
</table>

**Total withdrawable amount for ASEAN+3**

- CMIM (delinked): [Bar chart showing a small withdrawable amount]
- CMIM (linked): [Bar chart showing a medium withdrawable amount]
- IMF-SBA: [Bar chart showing a large withdrawable amount]
Size: CMIM is bigger than the IMF facility for some members

<table>
<thead>
<tr>
<th>Country</th>
<th>CMIM De-linked</th>
<th>CMIM Linked</th>
<th>IMF-SBA (435%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>10.3</td>
<td>34.2</td>
<td>185.5</td>
</tr>
<tr>
<td>HK China</td>
<td>1.9</td>
<td>6.3</td>
<td>-</td>
</tr>
<tr>
<td>Japan</td>
<td>11.5</td>
<td>38.4</td>
<td>187.6</td>
</tr>
<tr>
<td>Korea</td>
<td>11.5</td>
<td>38.4</td>
<td>52.2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.8</td>
<td>22.8</td>
<td>28.3</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.8</td>
<td>22.8</td>
<td>23.7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>6.8</td>
<td>22.8</td>
<td>22.1</td>
</tr>
<tr>
<td>Thailand</td>
<td>6.8</td>
<td>22.8</td>
<td>19.5</td>
</tr>
<tr>
<td>Philippine</td>
<td>6.8</td>
<td>22.8</td>
<td>12.4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>3.0</td>
<td>10.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Cambodia</td>
<td>0.4</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Myanmar</td>
<td>0.2</td>
<td>0.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Brunei</td>
<td>0.1</td>
<td>0.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>0.1</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>73.1</td>
<td>243.5</td>
<td>545.1</td>
</tr>
</tbody>
</table>
Why do we need CMIM?
FSNs have increased globally and in ASEAN+3 since GFC

Evolution of the GFSN (in USD bn)

Safety Nets for ASEAN-4

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

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

Current Account and Fiscal Balance 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
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

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”.

<table>
<thead>
<tr>
<th>Year</th>
<th>Members</th>
<th>Prior Usage</th>
<th>Paid-in capital</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMF</td>
<td>1976</td>
<td>22</td>
<td>Yes</td>
<td>USD4 bn</td>
</tr>
<tr>
<td>FLAR</td>
<td>1991</td>
<td>8</td>
<td>USD2.6 bn</td>
<td>USD6.2 bn</td>
</tr>
<tr>
<td>ESM</td>
<td>2012</td>
<td>19</td>
<td>EUR80.55 bn</td>
<td>EUR500 bn</td>
</tr>
<tr>
<td>CMIM</td>
<td>2010</td>
<td>13+1</td>
<td>-</td>
<td>USD240 bn</td>
</tr>
</tbody>
</table>
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

Publication of surveillance outcomes became available from January 2017

Still many elements of AMRO’s comprehensive surveillance are “incomplete and build-in-progress”
“CMIM supporting role” of AMRO needs to be strengthened

<CMIM Activation Process>

1. Peacetime surveillance
2. Country request
3. Receive & forward the request
4. Assessment
5. Program design
6. Program negotiation
7. Review & approval
8. Disbursement
9. Program monitoring
10. Repayment

AMRO

“Rotating Co-Chairs”
In ASEAN+3 are responsible for coordination process (without permanent secretariat)

IMF

“Critical period”
THANK YOU

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