

## **Chiang Mai Initiative**

The Chiang Mai Initiative (CMI), launched on 6 May 2000 by the ASEAN+3 Finance Ministers to provide short-term financial assistance to Member Countries in need of temporary liquidity support, has two components, as follows:

- i. an ASEAN Swap Arrangement (ASA); and
- ii. a network of bilateral swap arrangements (BSAs) and repurchase agreements among the ASEAN+3 Member Countries.

### **ASEAN Swap Arrangement (ASA)**

The ASEAN Swap Arrangement (ASA) was first signed by five ASEAN central banks (that is Indonesia, Malaysia, Philippines, Singapore and Thailand) in August 1977, with a total facility of US\$100 million. The total amount available was increased to US\$200 million in 1978.

With the launched of the CMI, the central banks and monetary authority have expanded the ASA to include all 10 ASEAN countries and enlarged the size to US\$1 billion from US\$200 million.

During the 9th ASEAN Finance Ministers Meeting on 6 April 2005 in Vientiane, Lao PDR, the ASA was further enlarged to US\$2 billion, to reflect the continued favourable and sound macroeconomic fundamentals in ASEAN, as well as to symbolize the strong commitment among ASEAN Member Countries to cooperate to ensure financial stability in the region. The Central Bank of Vietnam is currently the Agent Bank for the ASA.

### **Moving Forward – Chiang Mai Initiative Multilateralisation**

At the ASEAN+3 Finance Ministers Meeting (AFMM+3) in Hyderabad on 4 May 2006, the Finance Ministers tasked their Deputies to further study various possible options towards an advanced framework of regional liquidity support arrangements or Chiang Mai Initiative Multilateralisation (CMIM). During the AFMM+3 Meeting held on 4 May 2008, in Madrid, Spain, the Finance Ministers agreed and announced that the total size of the CMIM would be at least US\$80 billion.

On 22 February, 2009, the ASEAN+3 Finance Ministers agreed to raise the amount of the CMIM from \$80 billion to \$120 billion, with ASEAN member countries will equally contribute 20 per cent of the total \$120 billion, and the remaining 80 per cent will be financed by China, Korea and Japan. The resolution will be proposed at the 14th ASEAN Summit on February 27-29, 2009, and the process of the CMIM will be expedited.