

Policy Initiatives in a Changing International Monetary System

Strengthening regional resilience in an uncertain world

Kouqing Li, Director

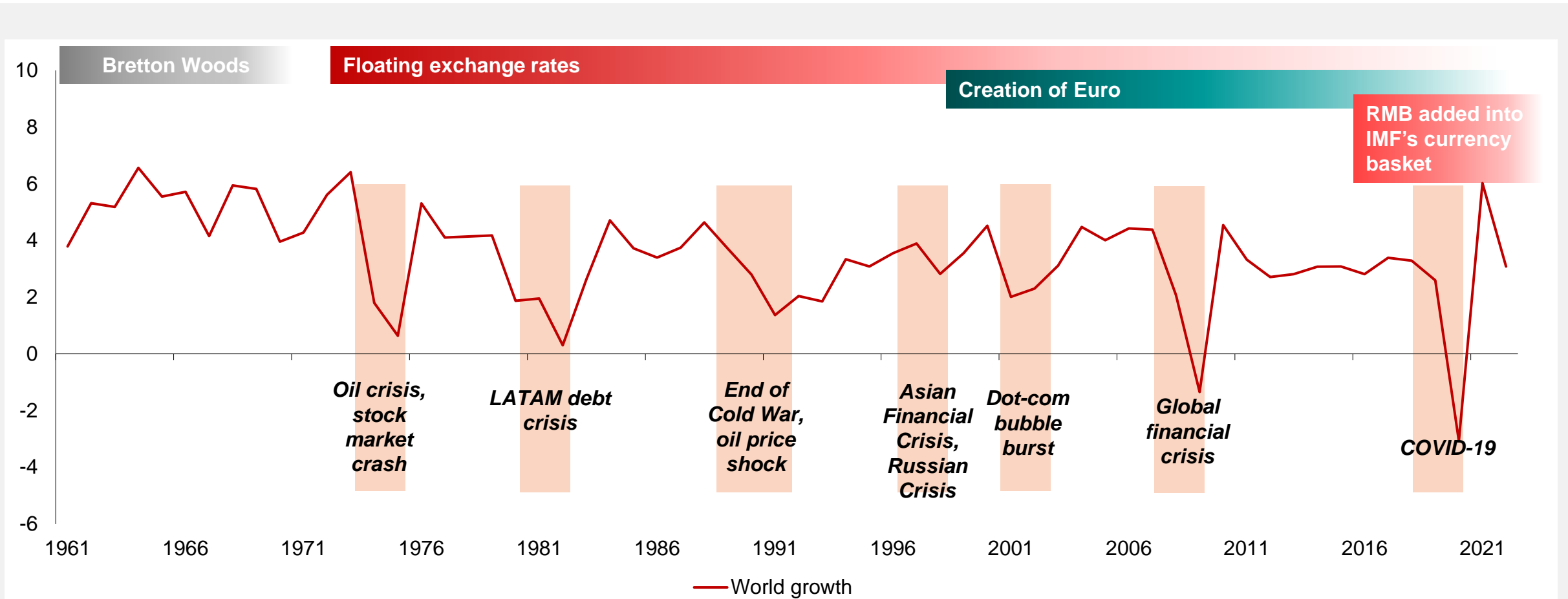
ASEAN+3 Macroeconomic Research Office

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Our international monetary system has evolved in tandem with major global events

World: Real GDP Growth
(Percent, year-on-year)



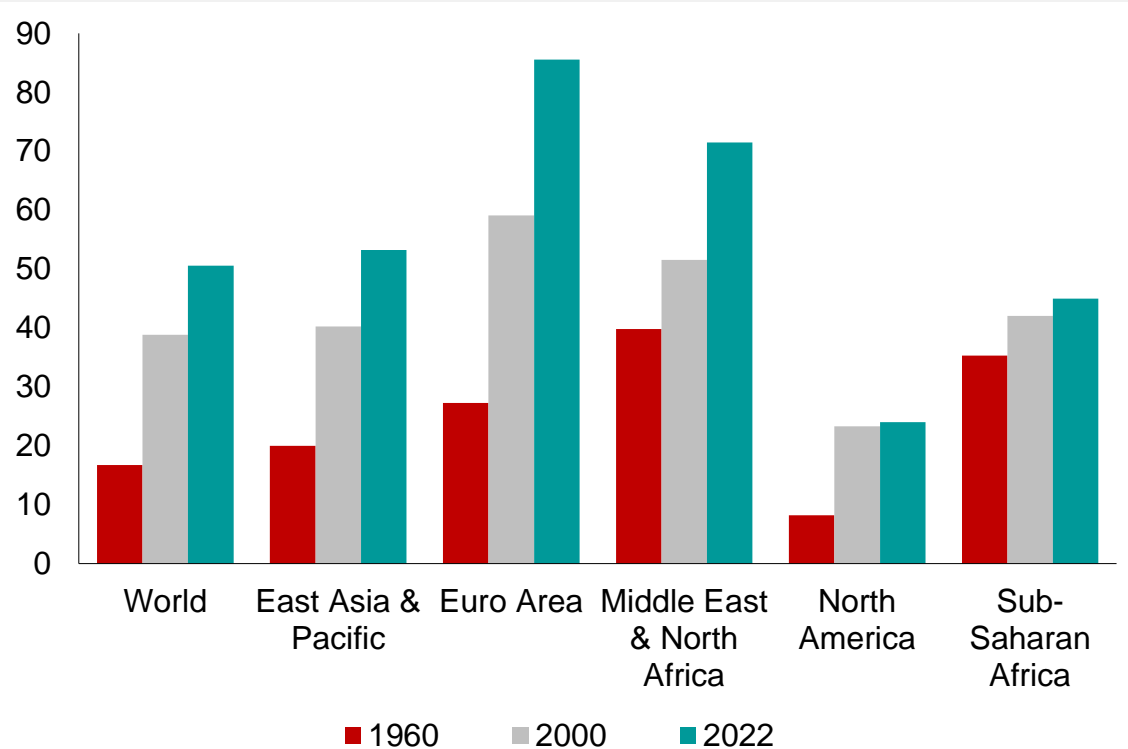
Source: World Bank Development Indicator, IMF

Globalisation during the same period led to higher interlinkages across economies

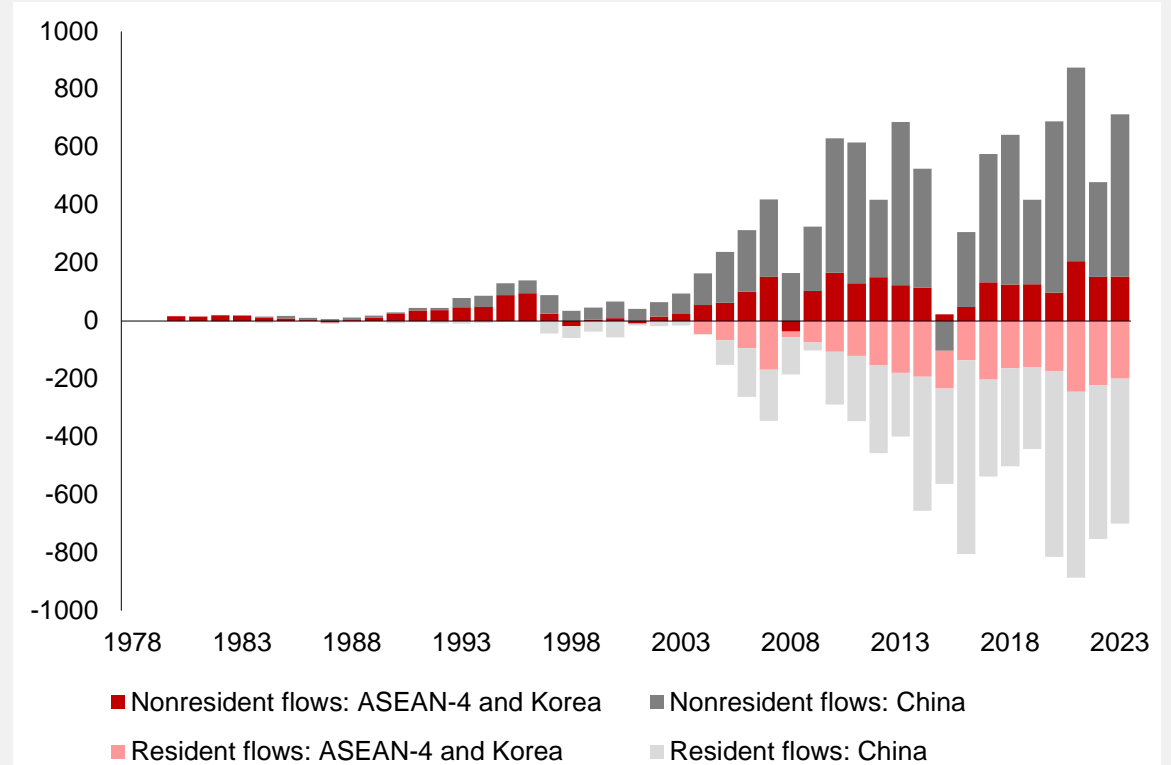
Trade liberalization led to an expansion of trade activities across all regions

Capital flows have also increased significantly

World: Merchandise Trade
(Percent of GDP)



Selected ASEAN+3: Gross Capital Flows
(USD billion)



Source: World Bank Development Indicators

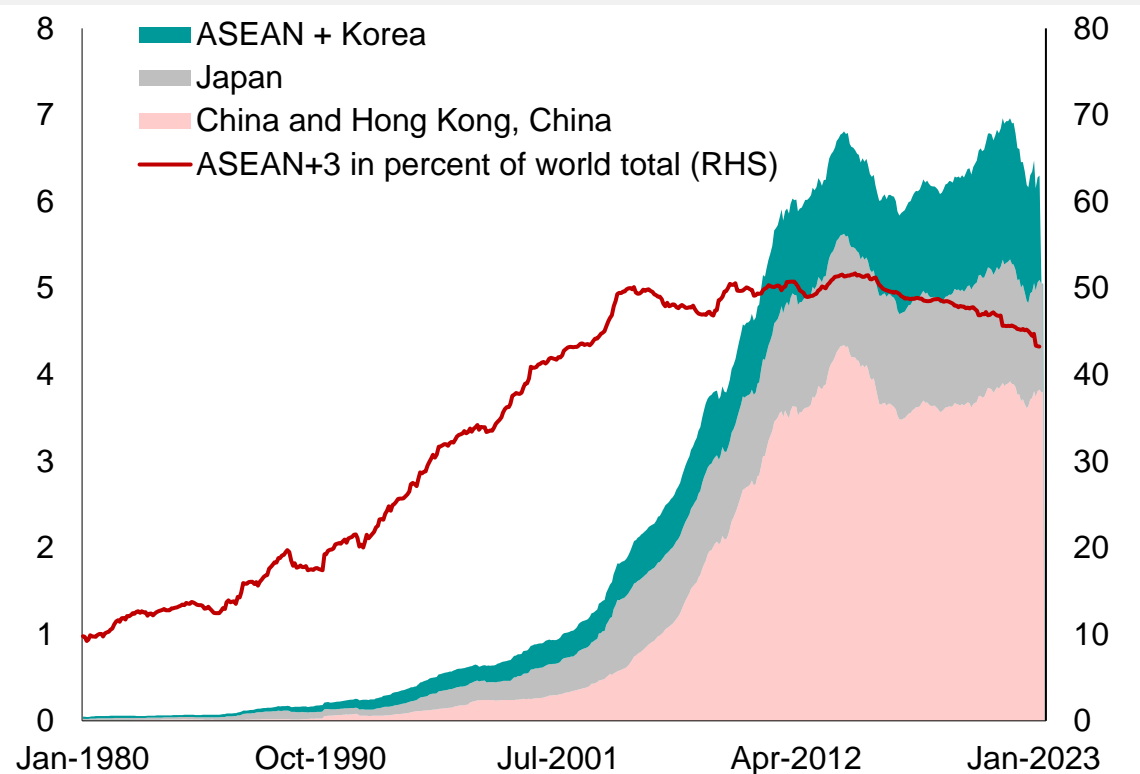
Source: Institute of International Finance

For ASEAN+3, the region is more resilient to external shocks after its reforms since the Asian Financial Crisis

Reserves have increased by more than 10-fold since the Asian Financial Crisis

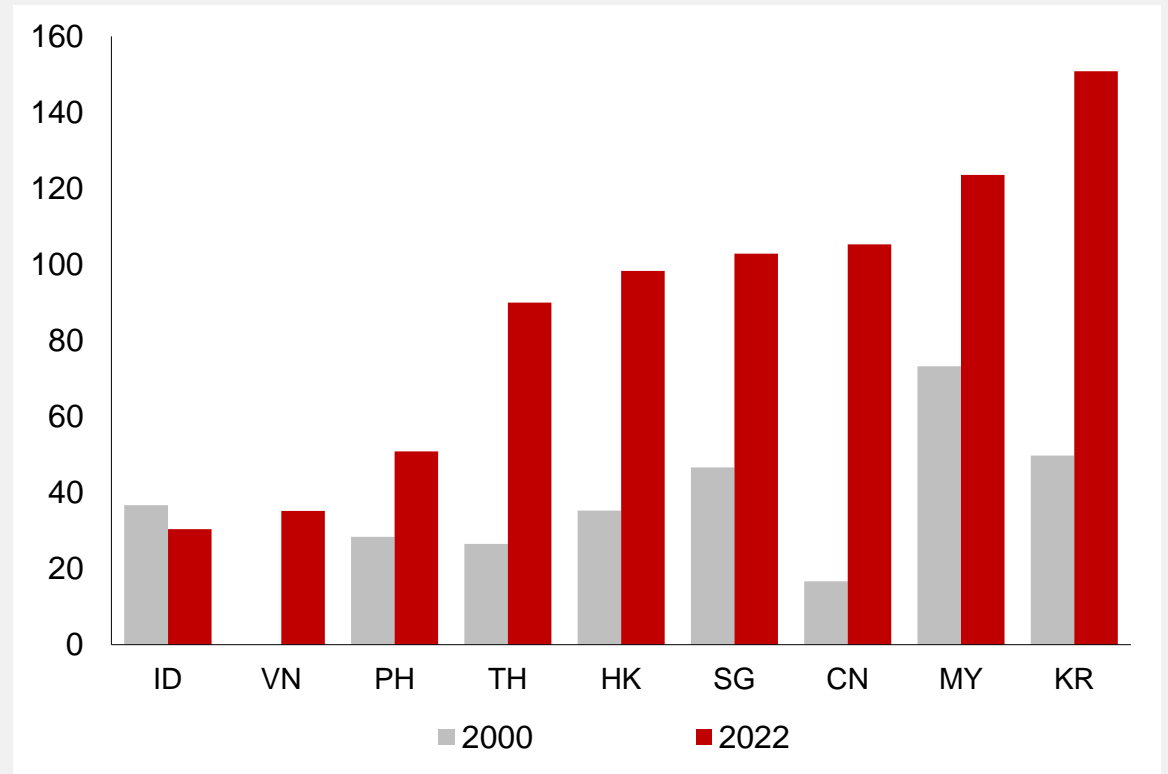
Local currency bond markets have also deepened significantly in the past two decades

ASEAN+3: International Reserves
(USD trillion; percent of world reserves)



Source: National authorities via Haver Analytics

Selected ASEAN+3: Local Currency Bonds
(Percent of GDP)



Source: AsianBondsOnline.

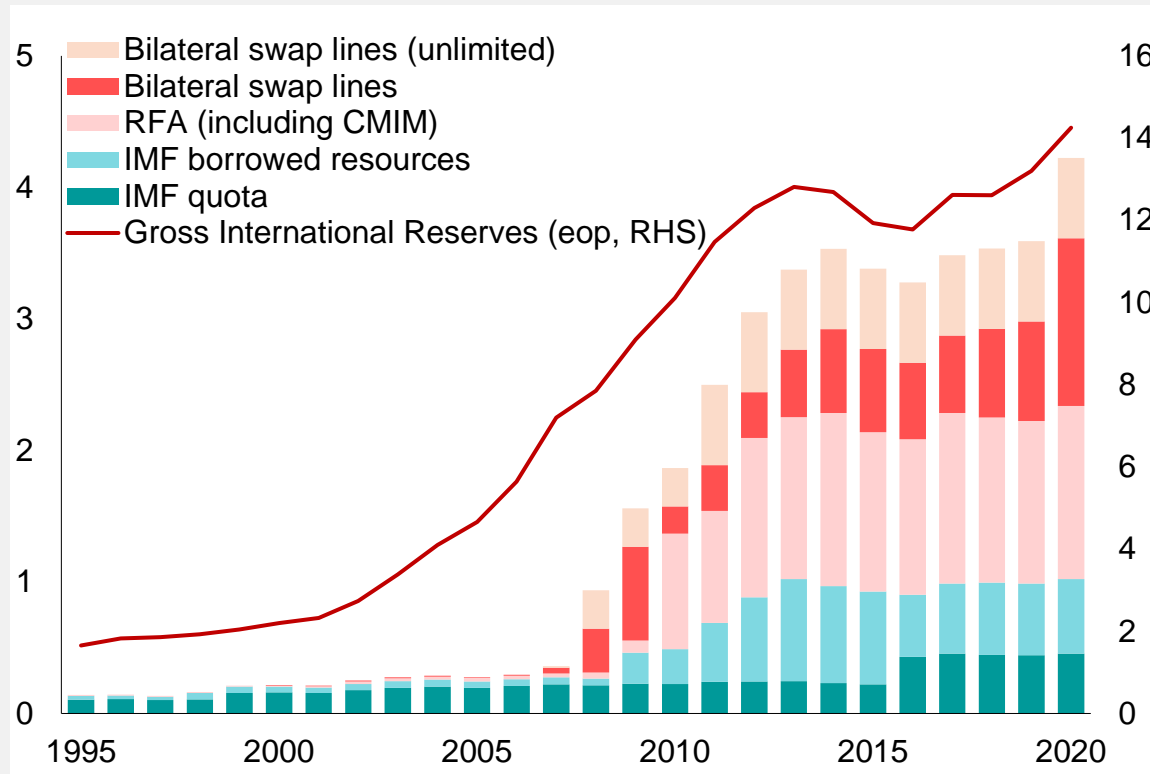
Note: Selected ASEAN+3 excludes Brunei, Cambodia, Lao PDR, and Myanmar due to data unavailability

The global financial safety net has also been enhanced significantly in recent years

Global financial safety net has quadrupled in size in the last two decades, with wider range of policy instruments

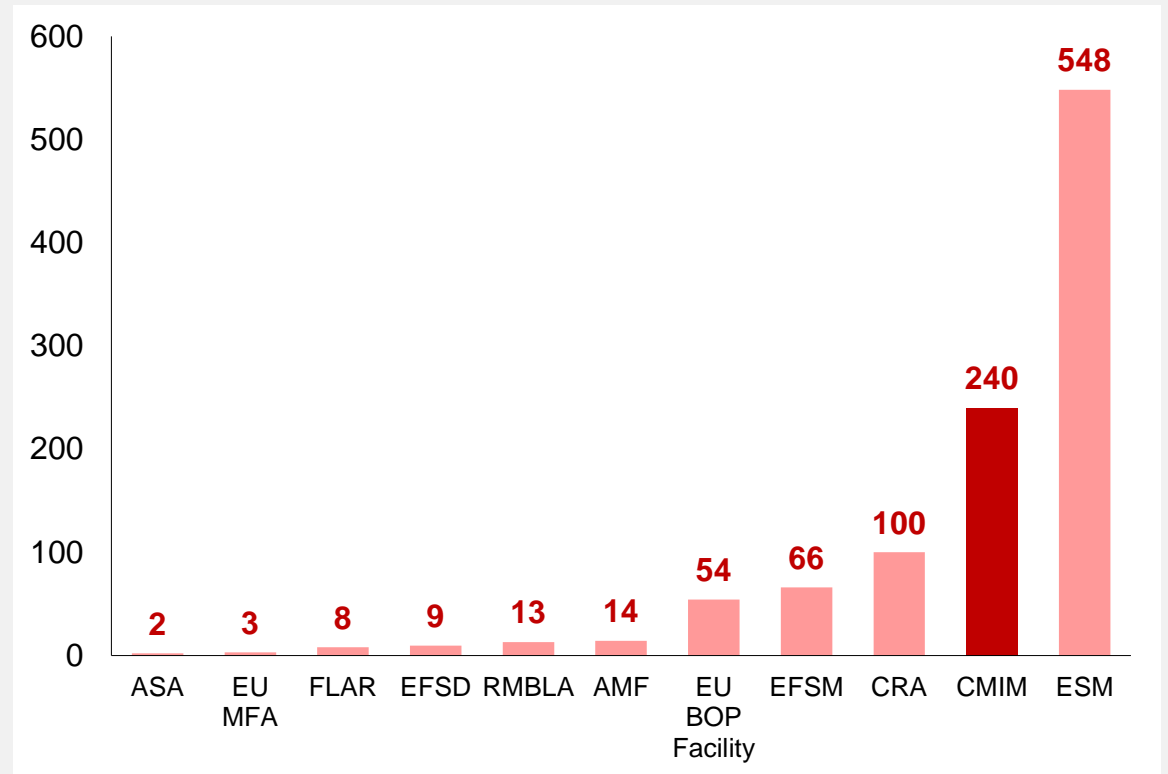
CMIM is among the world's largest regional financing arrangements (RFAs) that provides short-term liquidity support

World: Global Financial Safety Net
(USD trillion)



Source: IMF (2021) Evolution of Bilateral Swap Lines, WP/21/210

World: Size of Regional Financing Arrangements
(USD billion)



Source: AMRO staff estimates

CMIM/AMRO has been strengthened over the years

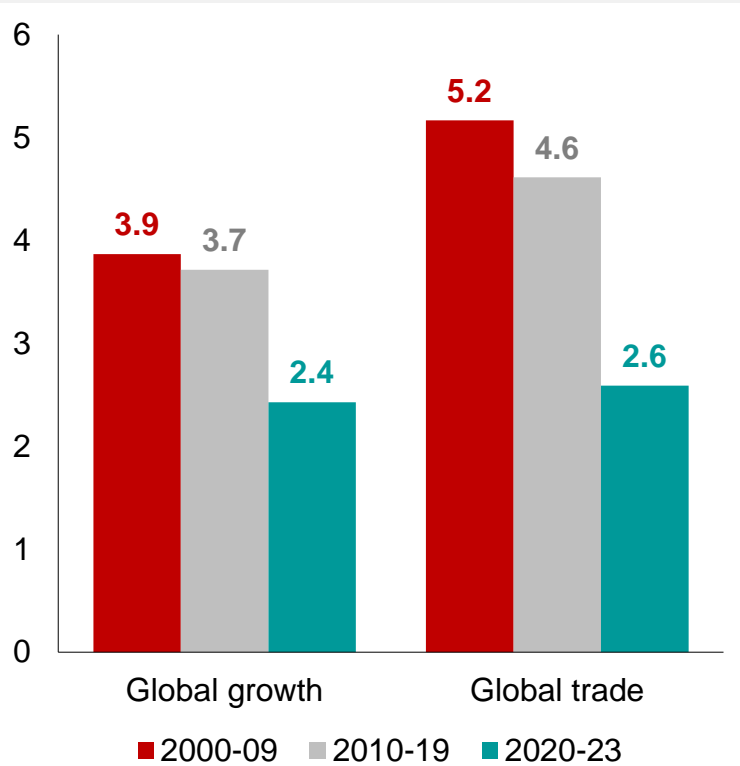
Key Achievements of CMIM/AMRO

	2010	2023
Value of fund	USD120 billion	USD240 billion
Precautionary Lending	None	Available
Use of Local Currency	None	Available
Surveillance	Peer review	AMRO
Assistance without IMF linkage	20 percent	40 percent
Cooperation with IMF	Weaker	Stronger

Our current operating landscape is highly challenging

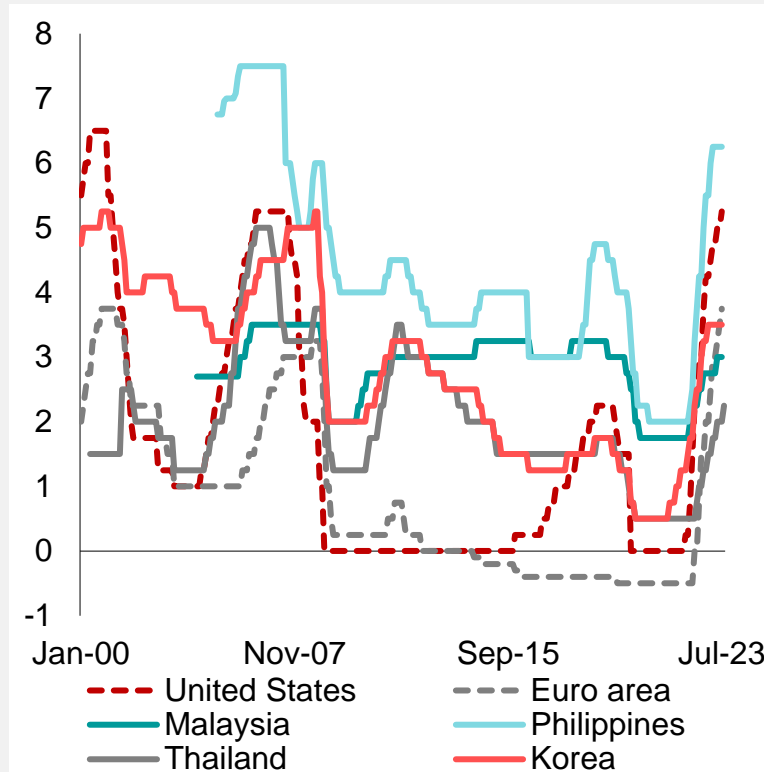
The global economy is growing at a slower pace...

World: GDP and Trade Growth
(Percent year-on-year)



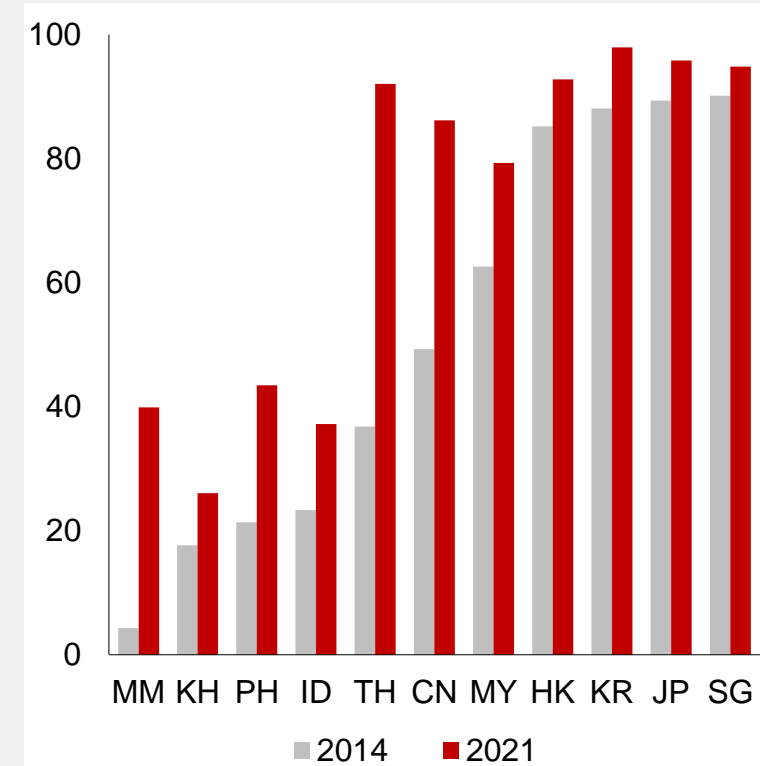
...amid synchronized monetary tightening...

Selected ASEAN+3, United States and Euro Area: Policy Interest Rates
(Percent)



..and high financial digitalization

Selected ASEAN+3: Use Mobile Device to Receive or Make Payment
(Percent of population aged 15+)



Source: IMF WEO July 2023.

Source: National authorities via Haver Analytics.
Note: Selected ASEAN+3 refers to Malaysia, the Philippines, Thailand, and Korea. Data are up to August 7, 2023.

Source: World Bank's Global Findex Database

ASEAN+3 will continuously deepen financial integration to bolster regional resilience

Way Forward for CMIM/AMRO and new RFA

Ongoing efforts

- **Make CMIM more usable**
 - Review terms and condition for swap
 - Operationalizing local currency use in addition to USD
 - Conduct regular test runs
- **Make CMIM more accessible**
 - Introduce a new lending facility, e.g. a rapid financing facility
- **Elevate AMRO as a trusted policy advisor and thought leader**
 - Enhance surveillance and technical assistance capacity
 - Promote closer policy coordination
 - Establish AMRO's status as a Regional Knowledge Hub
 - Create an ASEAN+3 Finance Think-tank Network
 - Strengthen secretariat support to the ASEAN+3 Finance Process

Thank you



Contact Us

Add: 10 Shenton Way, #15-08/9, Singapore 079117

Tel: +65 6323 9844

Email: Regional.Team@amro-asia.org;
AMRO_CMIM@amro-asia.org

Website: www.amro-asia.org