

# REGIONAL RESILIENCE: REINFORCING ASEAN+3'S FINANCIAL SAFETY NET

**T**he global economy continues to navigate an uncertain landscape driven by trade conflicts, geopolitical tensions, and in some cases, significant fiscal and financial vulnerabilities. While sound macroeconomic policies have kept ASEAN+3 economies on solid ground, the region remains susceptible to a range of shocks and emerging risks — amplified by factors such as rapid digital innovation. The confluence of these risks underscores the heightened need for strong, well-coordinated mechanisms capable of shielding the region's economies from severe external shocks.

Against this backdrop, ASEAN+3 members redoubled their efforts to ensure that the [RFA, at present solely the CMIM](#), remain both credible and crisis-ready as the region's primary financial safety net.

## STRENGTHENING THE REGIONAL FINANCIAL SAFETY NET

The CMIM is a US\$240 billion multilateral currency swap arrangement among ASEAN+3 members, established in 2010 to address balance-of-payments and short-term liquidity difficulties in the region, and to supplement existing international financial safety nets.

Fifteen years after it first came into force, the arrangement entered a critical phase of renewal. The region's exposure to new-generation risks required a financial backstop that can respond with greater agility and precision.

As such, in 2025, ASEAN+3 members advanced key reforms to enhance the CMIM's financing tools, policy coherence, and operational readiness.

A central milestone was the institutionalization of the RFF, designed to provide swift emergency liquidity during sudden external shocks such as natural disasters or pandemics, allowing the use of eligible FUCs for disbursement. This will enhance the CMIM's flexibility and ASEAN+3's capacity to manage crises.

Member economies have since accelerated domestic ratification processes of the amended CMIM Agreement. Once all signatures are completed, the RFF will come into effect within a week, marking an important step in ensuring the region can respond rapidly to emergency balance-of-payments needs.

## RECALIBRATING CMIM'S POLICY FRAMEWORK

Beyond financing tools, ASEAN+3 members updated several foundational policy elements. A key initiative was the review of the IDLP, which is the share of each CMIM member's swap quota that can be drawn without having an IMF-supported program in place.

To facilitate this, AMRO conducted a readiness survey based on previously agreed operational and institutional indicators, to assess the region's preparedness for a potential future increase in the IDLP. The findings highlighted areas of strength and those requiring further work, and members agreed to a review cycle.

The effort also extended to the CMIM USD interest rate. With global markets transitioning from USD London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR), a study outlining benchmark developments and their implications for CMIM operations was prepared by AMRO. Members agreed to revisit the USD reference rate within two years, or earlier if market conditions change significantly.

At the same time, the IMF's 2024 reduction of charges and surcharges prompted a reassessment of CMIM margins. ASEAN+3 members agreed to adopt a review cycle for USD margins, to ensure continued comparability with peer arrangements and international financial institutions.

Progress was also made on the CMIM's local currency lending framework. Members formulated guiding principles for a unified margin structure that will serve as the foundation for a consistent approach to local currency financing. The principles were based off survey insights gathered in January 2025. Work will continue into 2026, as local currency lending gains importance across the region.



ASEAN+3 Finance And Central Bank Deputies' Meeting in Kuala Lumpur, Malaysia



*CMIM workshop for officials from the National Bank of Cambodia (NBC) and the Ministry of Economy and Finance (MEF) in Phnom Penh, Cambodia*

## **PUTTING CRISIS PROCEDURES TO THE TEST**

Crisis readiness is a defining feature of the CMIM. Since 2013, ASEAN+3 members have conducted annual simulations to test activation procedures and decision-making workflows, as well as the processes for funds transfer.

The 2025 test run, the 16th to date, was particularly significant. It was the first simulation to incorporate the new CMIM-RFF, including the procedures regarding the decision for provision of eligible non-USD FUCs.

The exercise allowed members to evaluate the technical steps required for rapid activation, strengthen operational coordination, and confirm the practicality of deploying liquidity quickly and effectively under the CMIM-RFF. Successful completion of the test run further reinforced confidence in the CMIM's ability to respond in a crisis.

## **POSITIONING THE CMIM FOR THE LONG TERM**

Alongside operational reforms, ASEAN+3 members also made progress in advancing the discussions on enhancements aimed at transitioning the CMIM to include a PIC structure, which would further complement the GFSN.

In 2025, members made headway in narrowing down the PIC model options to focus on the IMF-type PIC models going forward, and endorsed the roadmap for discussion on the new CMIM financing structure and a few key principles on the legal entity for PIC. Progress has also been made in discussions with IMF staff on reserve recognition.

Members also continued exploratory work on flexible purchasing multiples, enhancements to local currency frameworks, and potential future adjustments to the IDLP. These efforts reflect a commitment to keeping the CMIM adaptable and aligned with evolving economic conditions.

## **A MORE PREPARED AND CONNECTED ASEAN+3**

The reforms undertaken in 2025 strengthened the CMIM's ability to support ASEAN+3 economies during periods of volatility. Institutionalizing the RFF, updating core policy frameworks, and advancing discussions on PIC provide a more coherent and responsive financial architecture for the region.

AMRO will continue to support members through surveillance, capacity development, and policy coordination, ensuring the CMIM remains a reliable anchor of stability amid a rapidly changing global environment.

### **When was the CMIM established?**

The year 2025 marked the 15th anniversary of the original CMIM Agreement, which was established on March 24, 2010, by ASEAN+3 Finance Ministers and Central Bank Governors.