Updates on the ASEAN Swap Arrangement (ASA)

24th SLC Meeting
Bangko Sentral ng Pilipinas
18 October 2022
Timeline of Key Events

• **17 November 2021** – The ASA expired due to the non-signing of the 8th Supplemental MOU by the end term.

• **22 December 2021** – Central Bank of Myanmar (CBM), as then-agent bank, convened a technical-level meeting to discuss the ASA. Members agreed that CBM will:
  ✓ Inform the ASEAN Central Bank Governors of the expiration of ASA
  ✓ Conduct a survey on ASEAN members’ views on the ASA

• **8 April 2022** – During the 18th ACGM Meeting, ASEAN Governors:
  ✓ Viewed that issues on ASA should be resolved at the technical level
  ✓ Tasked central bank officials to work on the reestablishment of the ASA and its potential improvements, at the soonest.
Timeline of Key Events

• **29 August 2022** – Survey on ASA was completed
  ✓ All ten (10) AMS indicated interest to re-establish and continue participating in ASA

• **30 September 2022** – CBM convened a technical-level meeting among AMS
  ✓ CBM reported the results of the ASA Survey
  ✓ As requested by CBM, the BSP facilitated the discussions on possible ways forward for ASA re-establishment
  ✓ Members agreed for the BSP to report the updates on the ASA at the 24\textsuperscript{th} SLC Meeting
Technical-level Discussions

- **Key Questions/Issues Tackled in the ASA Survey**
  1. Do you find ASA as valuable financial arrangement?
  2. Would you like to continue participating in ASA?
  3. What are areas in the ASA that need to be reviewed/revised?
  4. Establishment of a Task Force
  5. Revising the reference rate
  6. Challenges that may prevent or delay participation in ASA
Technical-level Discussions

• Who will lead the discussions on ASA re-establishment?

  ➢ Establishment of an ad hoc Task Force (TF)
  ➢ ASEAN Secretariat participation
## Technical-level Discussions

### Initial discussion on possible timelines

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<th>Option</th>
<th>Pros</th>
<th>Cons</th>
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| **Option 1**: Target Signing by ACGM, April/May 2023 | • Faster time to establish the safety net  
• Allows AMS to focus on “low-hanging fruits”- e.g., Reference Rate, Term Validity | • AMS have limited time for domestic processes  
• Not all outstanding issues may be addressed prior to signing |
| **Option 2**: Target Signing by end of 2023 | • Allows AMS to resolve more issues prior to signing of the agreement  
• Allows AMS more time to secure domestic clearances | • Longer time to re-establish ASA which deprives the region of a quick disbursing safety net  
• The longer ASA remains expired, may send a signal of diminishing relevance |
Technical-level Discussions

- **Baseline Agreement**
  - 2005 MOU with updates from the eight Supplemental MOUs

- **Possible Enhancements**
  - Reference rate to replace LIBOR
  - Term Validity
  - Role of ASA Agent Bank/ASEC
  - Size of Facility
  - Reporting Lines
Action Requested from the SLC

May we seek the SLC’s endorsement on:
Creation of an ad hoc Task Force (TF) which will facilitate the discussions of issues relating to the re-establishment of the ASA, including, among others:

- TF leads (voluntary basis)
- Role of ASEAN Secretariat
- Timelines for the re-establishment of ASA
- Base document of the ASA
- Enhancements to the ASA
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