

**Legislative Council Panel on Financial Affairs
Meeting on 2 November 2009**

**Item VI : Hong Kong's Participation in
Chiang Mai Initiative Multilateralisation**

Hong Kong Monetary Authority's Written Reply to Follow-up Questions

Question by Hon Emily LAU Wai-hing and Hon Ronny TONG Ka-wah:

- Hong Kong's role and representation during the discussions leading to the agreement of the Association of Southeast Asian Nations (ASEAN+3) on the main components of the Chiang Mai Initiative Multilateralisation (CMIM).

Reply:

- With the consent of the Central Government for Hong Kong SAR to participate in the ASEAN+3 discussions on financial co-operation, the Hong Kong Monetary Authority (HKMA) has since 2005 participated as part of the Chinese delegation in the ASEAN+3 meetings related to the CMIM. Given the potential significance of the CMIM in promoting regional financial stability, the HKMA participated actively in the technical discussions on the CMIM and provided intellectual input to the study. During the process, the Central Government fully consulted the Hong Kong SAR Government prior to entering into discussions with other ASEAN+3 countries on issues of relevance to and implications on Hong Kong.
- The HKMA's participation in the CMIM-related meetings under the ASEAN+3 framework is at different levels. These include:
 - (i) Meetings of the Chiang Mai Initiative Working Group – Second Phase¹ (2005/06) (the “Working Group”): As tasked by the ASEAN+3 Finance Ministers in May 2005, this Working Group was established to study the various possible routes towards multilateralising the Chiang Mai Initiative (CMI). Representatives of the HKMA attended all 5 meetings of the Working Group held.
 - (ii) Meetings of the Taskforce on CMI Multilateralisation (the “Taskforce”): In May 2006, the ASEAN+3 Finance Ministers tasked the Deputies to set up a new taskforce to further study various possible options towards CMIM. The Taskforce was

¹ The “first phase” of the Chiang Mai Initiative Working Group (2004/05) was established to study ways to enhance the effectiveness of CMI.

formally established in November 2006. The HKMA participated as part of the Chinese delegation in preparing various study papers on a number of key components of CMIM for discussion by ASEAN+3 members in the Taskforce meetings. Representatives of the HKMA attended all 16 Taskforce meetings held till October 2009.

- (iii) ASEAN+3 Finance and Central Bank Deputies' Meetings (AFDM+3): The ASEAN+3 finance and central bank deputies meet three times a year. The Deputies deliberated the options and proposals put forward by the Taskforce and made recommendations for endorsement by the ASEAN+3 Finance Ministers. Representatives of the HKMA attended all 13 AFDM+3 held between April 2005 and May 2009.
- (iv) ASEAN+3 Finance Ministers' Meetings (AFMM+3): The ASEAN+3 Finance Ministers usually meet once a year to consider and approve the recommendations by the Deputies. Representatives of the HKMA attended all 6 AFMM+3 held between May 2005 and May 2009.

Question by Hon Regina IP LAU Suk-ye:

- Whether Hong Kong will be eligible for CMIM funds, which are reserved for balance-of-payments support, if the Hong Kong dollar comes under speculative attack in the future.

Reply:

- Yes, all CMIM participants including Hong Kong will be eligible for CMIM funds if their currencies come under speculative attack leading to large capital outflows and thus the need for balance of payments support.

Hong Kong Monetary Authority
27 November 2009