



中国社会科学院 世界经济与政治研究所
Institute of World Economics and Politics (IWEP)
Chinese Academy of Social Sciences (CASS)

Improving global financial safety net

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Side event for 2022 ECOSOC Forum on Financing for Development :
Not waving but drowning? - managing liquidity and solvency in a world of cascading crises

25 April 2022 08:00 - 09:30 hrs. Virtual



Global financial safety net

National measures

Bilateral

RFAs

Global

IR

Exchange rate
Macro-prudential
Capital control

Swap lines between
monetary authorities

ESM, FLAR, CMIM,
AMF ...

IMF, WB, FSB, BIS ...

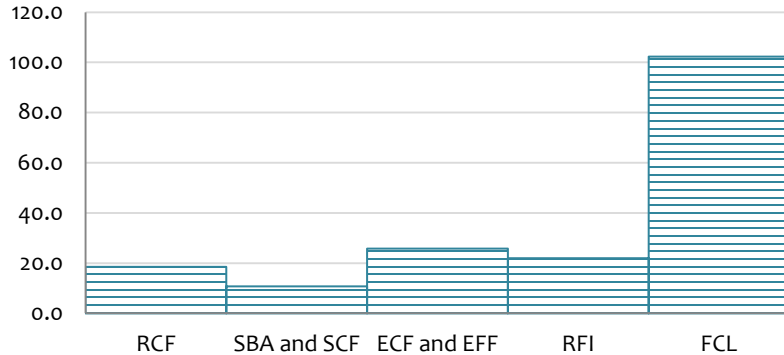
First defense line

Defense lines through cooperation

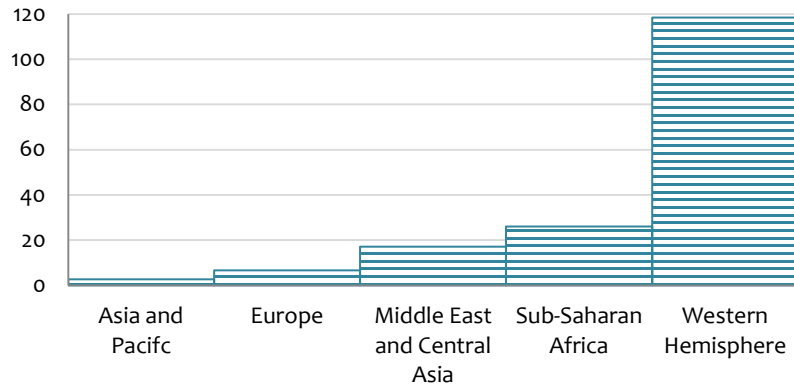


IMF's actions /financial assistance

IMF Covid tools used, as of March 2022 (\$bn)



IMF financial assistance in geographic distribution
March 2020 - March 2022 (\$bn)



Early March: first call

March: enable the Catastrophe Containment and Relief Trust (CCRT)

Early April: raise limits for Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI)

April 15: establish Short-Term Liquidity Line (SLL)

August 2021: \$650 billion SDR general allocation

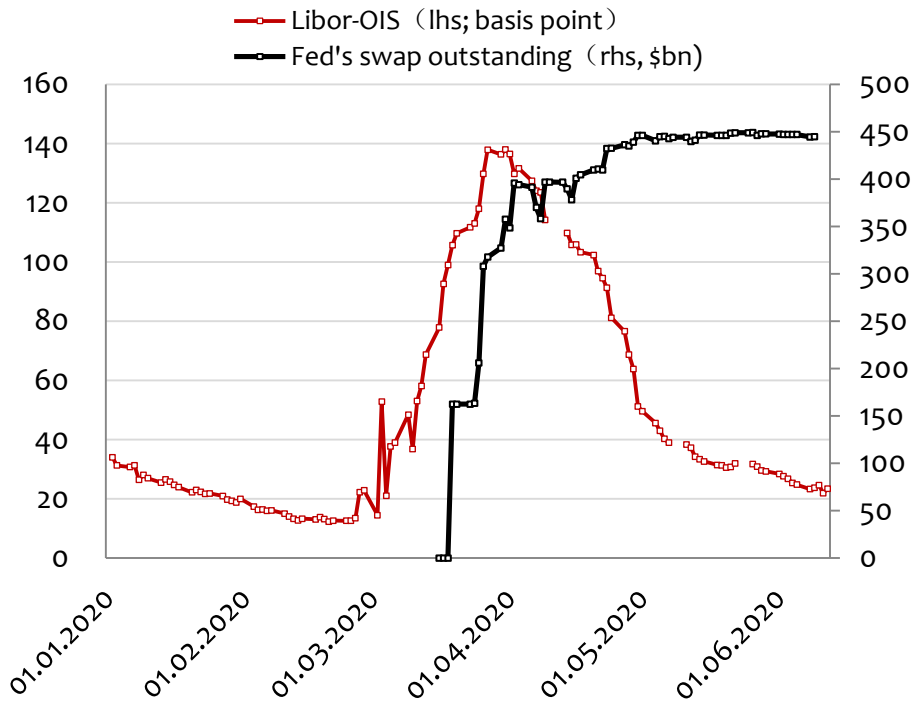
March 2022: Creation of the Resilience and Sustainability Trust (RST)

Source: IMF



Fed's actions supporting dollar funding market

USD funding market and Fed's swap lines



Fed's Swap Lines

Permanent	Unlimited	October, 2013
	Bank of Canada	
	Bank of England	
	European Central Bank	
	Bank of Japan	
	Swiss National Bank	
Temporary		2020/3/17 up to 6 months
	Reserve Bank of Australia	\$60 billion
	Banco Central do Brasil	\$60 billion
	Danmarks Nationalbank	\$30 billion
	Bank of Korea	\$60 billion
	Banco de Mexico	\$60 billion
	Norges Bank	\$30 billion
	Reserve Bank of New Zealand	\$60 billion
	Monetary Authority of Singapore	\$60 billion
	Sveriges Riksbank	\$60 billion
Repo with treasuries	All	2020/3/31



Gaps that limit effectiveness of GFSN*

- **Funding adequacy**
- **Use of the SDR**
- **Fragmented central banks' swap lines**
- **Role of the RFAs**
- **Surveillance /IMF's Institutional View on capital flows**
- **Liquidity vs solvency**

*For an earlier view, please see: Kevin Gallagher, Haihong Gao, William N. Kring, Jose A. Ocampo and Ulrich Volz “Safety First: Expanding the Global Financial Safety Net in Response to COVID-19”, *Global Policy*, Volume 12, Issue 1, Feb. 2021, p.140-148.