



BANK OF THAILAND NEWS

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The Signing Ceremony of the Bilateral Swap Arrangement (BSA) between the Bank of Japan acting as agent of the Minister of Finance of Japan and the Bank of Thailand

On Monday, July 30, 2001, M.R. Pridiyathorn Devakula, the governor of the Bank of Thailand, signed the agreement governing the Bilateral Swap Arrangement between the Bank of Japan acting as agent of the Minister of Finance of Japan and the Bank of Thailand. The facility under the agreement is amounted to 3 billion U.S. dollars.

The BSA project was initiated in accordance with the resolution taken by ASEAN Finance Ministers and Ministers of Finance from Japan, China, and South Korea in May 2000 (“the Chiang Mai Initiative”). Accordingly, senior officials from Ministries of Finance of ASEAN, China, Japan and South Korea had reached the agreement on the main principles of the BSA in November 2000. The BSA’s main objective is to provide support for the maintenance of balance of payments of participating countries. Under the arrangement, each currency swap will mature in 90 days, but may be renewed up to seven times. The agreement is effective for a three year period commencing from the date the agreement is signed.

Under the framework of the regional financial cooperation, it is seen as a financial safety net against the emergence of future financial distress. The drawing will only be used when necessary. Currently, there is no need for Thailand to utilize the facility. As of July 20, 2001, the country’s reserves stood at 31.9 billion U.S. dollars. Also, Thailand experiences neither balance of payments nor short-term liquidity difficulties.

Bank of Thailand

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