International Journal of Global Economics and Management
ISSN: 3005-9690 (Print), ISSN: 3005-8090 (Online) | Volume 10, Number 7, Year 2026
DOI: https://doi.org/10.62051/ijgem.v10n7.16
Journal homepage: https://ijgem.org

China-ASEAN Regional Currency Swap and Financial Stability

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ABSTRACT

Against the backdrop of deepening economic globalization and regional integration, the Asian financial crisis and global financial turbulence have highlighted the need to build a regional financial safety net. As the core economic blocs of East Asia, China and ASEAN's currency swap cooperation has become a key institutional arrangement for responding to external shocks and maintaining regional financial stability. This article focuses on the current state of the China-ASEAN currency swap mechanism, its role in regional financial stability, and the existing challenges, exploring how it can enhance regional financial resilience through institutional design and practical innovation. This study aims to provide theoretical reference for improving China-ASEAN financial cooperation and practical insights for emerging market countries to build an independent and controllable regional financial system. It also has theoretical value for promoting the diversification of the global financial governance system and enhancing the financial voice of developing countries.

KEYWORDS

Currency swaps; Regional financial stability; Financial cooperation; ASEAN

1. INTRODUCTION

Against the backdrop of the continuous advancement of global economic and financial integration and the accelerated evolution of geopolitical and economic landscapes, regional financial cooperation has emerged as a pivotal avenue for maintaining financial stability and fostering sustainable economic development. The Asian financial crisis in 1997 made China and ASEAN countries aware of the limitations of the traditional international financial system in responding to crises, prompting them to focus on the establishment and improvement of regional financial cooperation mechanisms. As an important tool for regional financial cooperation, currency swaps have become increasingly prominent in their strategic value.

China and ASEAN countries are geographically adjacent, and their economic and trade exchanges have a long history. Driven by the Belt and Road Initiative and the Regional Comprehensive Economic Partnership (RCEP), the scale of trade and investment between the two sides has continued to expand, and the degree of economic integration has deepened. Against this backdrop, currency swap agreements serve not only as an important bond for enhancing financial cooperation between the two sides but also as an effective means to maintain regional financial stability and prevent external financial risk impacts. Through currency swaps, China and ASEAN countries can conduct in-depth cooperation in areas such as short-term liquidity support, exchange rate stability, and trade settlement facilitation, laying a solid foundation for the stable operation of regional financial markets and the healthy development of the economy. It is of great theoretical value and practical significance to deeply explore the intrinsic relationship between China-ASEAN currency swaps and regional financial stability, and to analyze the operational mechanisms, implementation effectiveness, and potential challenges of currency swap agreements in practice. This will further deepen China-ASEAN financial cooperation and enhance the resilience and risk resistance of the regional financial system.

2. THE CURRENT SITUATION OF CHINA-ASEAN CURRENCY SWAPS

2.1. Section Headings

In 2013, China proposed the "Belt and Road" initiative, aiming to build a new platform for international cooperation through policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and people-to-people bonds. The proposal of this initiative injected new impetus into the economic and trade cooperation and currency swaps between China and ASEAN, pushing bilateral cooperation towards higher levels and broader fields. Under the framework of the "Belt and Road", large-scale projects such as infrastructure construction and production capacity cooperation have been accelerated, and the scale of cross-border trade and investment has continued to rise. The traditional settlement model dominated by the US dollar has been difficult to meet the efficient and low-cost capital demand, which has created objective conditions for the deepening development of bilateral currency swap agreements.

Since then, the scale of bilateral currency swap agreements between China and ASEAN has shown a strong trend of continuous expansion. By the end of 2025, the People's Bank of China had signed bilateral currency swap agreements with the central banks or monetary authorities of 32 countries and regions, with overseas central banks or monetary authorities utilizing an outstanding balance of RMB amounting to 94.2 billion yuan. This data intuitively reflects the increasing activity and recognition of the RMB in international financial cooperation. In the ASEAN region, the People's Bank of China has signed bilateral currency swap agreements with five countries: Malaysia, Indonesia, Singapore, Thailand, and Laos. Bilateral currency swap agreements worth over 900 billion yuan have been established between them, which not only strengthen financial cooperation between the two sides but also promote trade and investment within the region.

Table 1. Status of bilateral local currency swap agreements signed by the People's Bank of China by the end of 2025, Unit: 100 million yuan

Country or region	RMB swap fund size
Singapore	3000
Indonesia	4000
Malaysia	1800
Thailand	700
Laos	60

In 2025, China and ASEAN witnessed new progress in monetary and financial cooperation. The People's Bank of China and Bank of Indonesia successfully renewed their bilateral currency swap agreement, with a swap size of 400 billion yuan/878 trillion Indonesian rupiah. The agreement is valid for five years and can be further extended upon mutual consent. Prior to this, Singapore held the record for the largest bilateral currency swap agreement with China, amounting to 300 billion yuan. Following this, Indonesia has become the country with the largest RMB swap size with China. The renewal of the agreement carries profound significance. On one hand, it represents the continuation and upgrading of the long-standing good monetary and financial cooperation between China and Indonesia. In recent years, bilateral trade and investment between China and Indonesia have continued to expand. In 2024, bilateral trade surpassed 100 billion US dollars, and cooperation in energy, infrastructure, manufacturing, and other fields has deepened. For instance, the Jakarta-Bandung High-Speed Railway project has been smoothly advanced, with the RMB playing a crucial role in financing. The signing of the new agreement will further reduce the exchange costs for enterprises in cross-border trade and investment, effectively avoid the risk of USD exchange rate fluctuations, increase the use of the RMB in bilateral economic and trade activities, and provide stronger financial support for enterprises from both sides to participate in "the Belt and Road" projects. On the other hand, it also demonstrates the determination of both sides to maintain regional financial stability. Through currency swaps, the central banks of the two countries can obtain liquidity support in a timely manner when facing fluctuations in the international financial market, stabilize their currency exchange rates, enhance the resilience of the regional financial system, and have a significant demonstration effect and driving force in promoting monetary and financial cooperation between China and ASEAN to a higher level and fostering regional economic integration. Currently, the bilateral currency swap agreements signed between China and ASEAN are substantial and continuously growing. For countries such as Singapore, Malaysia, Thailand, and Indonesia, they have also been renewing their bilateral currency swap agreements with China, maintaining frequent financial exchanges. This can facilitate intraregional trade and investment, effectively reduce exchange rate risks and transaction costs, and provide favorable conditions for regional financial stability.

Table 2. People's Bank of China Signing Bilateral Local Currency Swap Agreements

Country	Agreement Signing Date	Swap scale
Singapore	2010.7	150 billion yuan / 30 billion Singapore dollars
	2013.3(Renew)	300 billion yuan / 60 billion Singapore dollars
	2016.3(Renew)	300 billion yuan / 64 billion Singapore dollars
	2019.5(Renew)	300 billion yuan / 64 billion Singapore dollars
	2022.7(Renew)	300 billion yuan / 65 billion Singapore dollars
Malaysia	2009.2	80 billion yuan / 40 billion Malaysian Ringgit
	2012.2(Renew)	180 billion yuan / 90 billion Malaysian Ringgit
	2015.4(Renew)	180 billion yuan / 90 billion Malaysian Ringgit
	2018.8(Renew)	180 billion yuan / 110 billion Malaysian Ringgit
	2021.7(Renew)	180 billion yuan / 110 billion Malaysian Ringgit
Thailand	2011.12	70 billion yuan / 320 billion baht
	2014.12(Renew)	70 billion yuan / 370 billion baht
	2021.1(Renew)	70 billion yuan / 370 billion baht
	2025.8(Renew)	70 billion yuan / 370 billion baht
Laos	2020.1	6 billion yuan / 7.6 trillion Lao kip
Indonesia	2009.3	100 billion yuan / 175 trillion Indonesian rupiah
	2013.10(Renew)	100 billion yuan / 175 trillion Indonesian rupiah
	2018.11(Renew)	200 billion yuan / 440 trillion Indonesian rupiah
	2022.1(Renew)	250 billion yuan / 550 trillion Indonesian rupiah
	2025.2(Renew)	400 billion yuan / 878 trillion Indonesian rupiah

Data source: compiled from the official website of the People's Bank of China

3. THE ROLE OF CURRENCY SWAPS IN REGIONAL FINANCIAL STABILITY

3.1. Reduce the Risk of Exchange Rate Fluctuations

The exchange rates of Chinese and ASEAN currencies fluctuate significantly against international currencies such as the US dollar. The currency swap agreement allows both parties to directly use their own currencies for settlement in trade and investment, avoiding the risks brought by fluctuations in the US dollar exchange rate. With the support of local currencies provided by the swap agreement, member countries' central banks can directly intervene in the foreign exchange market during fluctuations, reducing panic selling.

The core mechanism of currency swap agreements is to allow China and ASEAN countries to directly use their own currencies for settlement in trade and investment activities. This measure fundamentally avoids the risks brought by fluctuations in the US dollar exchange rate. In the traditional international trade settlement system, the US dollar occupies a dominant position. However, the exchange rate of the US dollar is often subject to significant fluctuations due to multiple complex factors such as domestic economic policies in the United States and global geopolitical situations. When the United States implements quantitative easing policies, the US dollar is issued in large quantities, and its exchange rate tends to depreciate; when the Federal Reserve adopts tightening monetary policies such as interest rate hikes and balance sheet reduction, the US dollar will appreciate rapidly. Such drastic and unpredictable fluctuations pose significant exchange rate risks to enterprises in China and ASEAN countries. For export enterprises in ASEAN countries, in the absence of currency swap agreements, their exports to China are priced and settled in US dollars. If, between the signing of the contract and the actual receipt of foreign exchange, the US dollar depreciates significantly against ASEAN currencies, the originally expected profits of the enterprise will be significantly reduced, and it may even face losses. Similarly, enterprises importing ASEAN goods into China also face similar risks. Furthermore, scholars have empirically analyzed and concluded that currency swaps can significantly promote the growth of China's export trade by stabilizing exchange rate fluctuations [1], which has a relatively positive effect on China. The settlement in local currency under currency swap agreements enables enterprises to determine their income and costs at a stable local currency exchange rate when signing trade contracts, effectively avoiding losses caused by exchange rate fluctuations and providing a solid guarantee for the stable operation of enterprises.

3.2. Provide Liquidity Support To Deal With Financial Crises

When the Asian financial crisis erupted in 1997, ASEAN countries fell into a severe liquidity crisis under the dual impact of international balance of payments imbalances and capital flight. Due to the lack of emergency funding arrangements at the regional level, these countries were forced to apply for assistance from the International Monetary Fund (IMF). Statistics show that although the IMF provided more than $500 billion in loan assistance to these countries suffering from the trauma of the financial crisis [5], the IMF's rescue packages generally contained strict policy conditions, including that recipient countries must adopt severe austerity fiscal policies, cut public sector spending and taxes, reduce economic growth rates, achieve government budget surpluses, and so on [2]. These conditions did not help countries escape the predicament brought by the financial crisis in their assistance, but instead, they fell deeper into the vortex. This "one-size-fits-all" policy framework ignored the differences in economic structures among countries, exacerbating the recession. In the case of Thailand, between 1997 and 1998, under the influence of the IMF's austerity policies, Thailand's GDP growth rate fell from -2.8% to -7.6%, unemployment rates climbed to 3.4%, a large number of small and medium-sized enterprises went bankrupt due to credit crunch, and social tensions intensified.

In contrast, the liquidity support mechanism established between China and ASEAN countries through currency swaps has overcome the institutional shortcomings of traditional international rescue models. It not only avoids external intervention but also allows ASEAN countries to quickly obtain financial support through intraregional cooperation during crises, with fewer conditions attached. According to the "Chiang Mai Initiative Multilateralization (CMIM) Agreement", member countries can quickly obtain liquidity support through currency swaps during crises, with significantly fewer conditions attached. Taking Thailand's application for CMIM assistance in 2010 as an example, the country only needed to commit to decoupling no more than 30% of its loans from the IMF, significantly enhancing its policy autonomy compared to the comprehensive policy adjustments required by the IMF. This flexible assistance model allows recipient countries to formulate response plans based on their own economic cycles and policy objectives, avoiding the impact of externally imposed austerity policies on the real economy.

3.3. Reduce Reliance on Foreign Currency

Against the backdrop of long-term imbalance in the "center-periphery" structure of the international monetary system, the China-ASEAN currency swap agreement is reshaping the regional trade settlement pattern and becoming a key institutional innovation to reduce dependence on the US dollar and enhance financial autonomy. According to data from the Bank for International Settlements (BIS), the US dollar accounted for nearly 90% of global foreign exchange transactions in 2025. This excessive dependence has led emerging economies to face significant "dollar tide" risks amid the fluctuations of the US dollar cycle.

The China-ASEAN currency swap has reduced the reliance on international currencies such as the US dollar within the region. In external shock events such as the China-US trade friction, the risk mitigation function of the currency swap agreement has been fully verified. From 2018 to 2020, due to the escalation of trade frictions, the fluctuation range of the US dollar index expanded to 6.36%, and the fluctuation range of the US dollar against the RMB reached 5.11% during the same period. Against this backdrop, China and ASEAN effectively avoided the risk of US dollar exchange rate fluctuations by expanding the scale of currency swaps and deepening cooperation in local currency settlement. During international financial market turmoil, the US dollar exchange rate fluctuates violently, which has a significant impact on the economies of countries relying on US dollar settlement. However, by using local currency settlement through currency swaps, intraregional trade and investment are less affected by US dollar fluctuations. According to specific data, 80% of ASEAN exports were previously priced in US dollars, but currently, the use of the RMB in the ASEAN region has a broad foundation. In 2025, the total trade value between China and ASEAN reached 7.55 trillion yuan, an increase of 8.0%, accounting for 16.6% of China's total foreign trade value. According to the "Report on the Use of the RMB in ASEAN Countries in 2025", the total cross-border receipts and payments in RMB between China and ASEAN in 2024 amounted to 8.90247 trillion yuan, a year-on-year increase of 50.74%, marking the fastest growth rate in the past three years. According to statistics from the Society for Worldwide Interbank Financial Telecommunication (SWIFT), as of the end of 2024, the RMB had become the third largest trade financing currency, accounting for about 6% of global transactions, and the level of RMB internationalization has steadily improved.

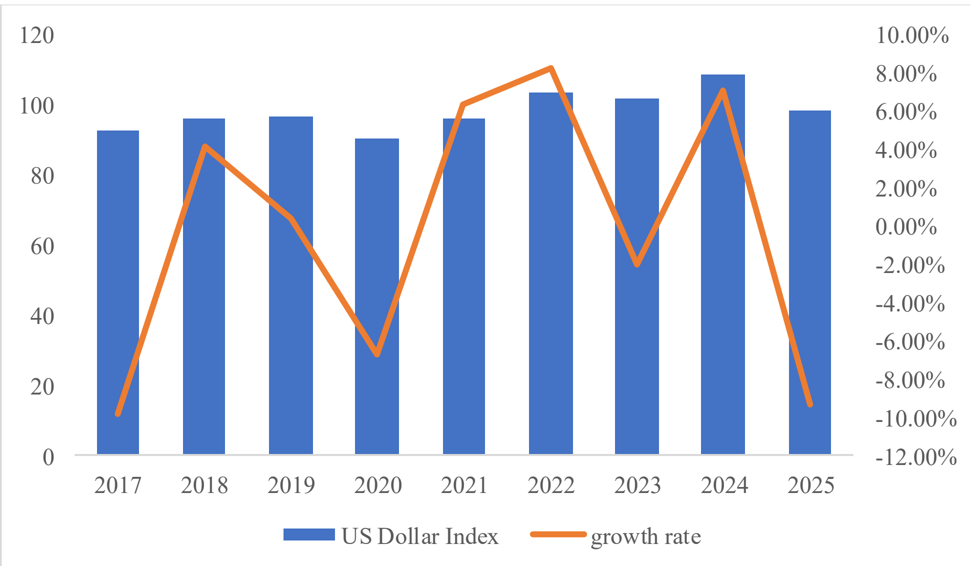

Figure 1. US Dollar Index and Its Growth Rate from 2017 to 2025

Data source: Eastmoney official website

3.4. Strengthen Connections in the Cross-Border Clearing and Settlement Network

The RMB cross-border clearing network in the ASEAN region is increasingly perfected, with Chinese bank institutions achieving full coverage of the ten ASEAN countries. Singapore, Malaysia, Thailand, and the Philippines are actively promoting the construction of RMB clearing banks, and the second-generation system for managing RMB cross-border payment and receipt information has also officially been put into operation. The development of the RMB cross-border clearing network in ASEAN presents the characteristics of "blossoming at multiple points and advancing in coordination". As an international financial center, Singapore, leveraging its mature financial infrastructure and international operation experience, has taken the lead in becoming an RMB offshore center, with its RMB clearing volume consistently ranking first in ASEAN. Malaysia, relying on the deepening of bilateral financial cooperation between China and Malaysia, upgraded its clearing bank system in 2022 to achieve real-time connectivity with CIPS. Thailand, through the construction of the "Eastern Economic Corridor" and innovation in the RMB clearing mechanism, has promoted the coverage of local currency settlement to 35% of total trade volume. The Philippines, through special policy support from the central bank, encourages commercial banks to expand their RMB clearing business, forming a multi-level participation pattern. These layouts effectively link with the operation of the second-generation system for managing RMB cross-border payment and receipt information (CIPS II). The CIPS II system adopts a distributed architecture and real-time clearing technology, shortening the processing time of cross-border payments from 1-3 days in the traditional SWIFT system to minutes, significantly improving the efficiency and security of RMB cross-border clearing.

According to the "RMB Internationalization Report (2025)", by the end of 2024, ASEAN had a total of 150 financial institutions as CIPS participants, including 22 direct participants and 128 indirect participants. The RMB cross-border payment system has launched more products and services, and the institutional arrangements for RMB clearing banks in Laos and Cambodia have been continuously improved, effectively facilitating the use of the RMB in ASEAN. In 2024, CIPS processed a total of 954,000 cross-border RMB transactions from ASEAN countries, representing a year-on-year increase of 41.6%, with a total value of RMB 21.2 trillion, up 95.6% year-on-year. This has tangibly and intangibly improved the clearing efficiency and usage scale of the RMB in the ASEAN region, providing a certain degree of guarantee for regional financial stability.

4. EXISTING CHALLENGES AND RISKS

4.1. There’s a Big Gap in Economic and Financial Levels Across The Region

Due to various factors such as history, geographical location, and technological levels, there are significant differences in the economic and financial development levels among China and ASEAN countries. These differences hinder financial cooperation among these countries and have a negative impact on the financial stability within the China-ASEAN region. In terms of economic development levels, the ten ASEAN countries exhibit notable characteristics of economic development gradients. According to World Bank data in 2025, Singapore's per capita GDP reached US$98,000, placing it among the ranks of high-income economies. Its financial market depth and breadth rank among the top in Asia, with the total market value of its stock market accounting for more than 100% of GDP. In April 2025, the average daily trading volume of Singapore's foreign exchange market exceeded US$1.4 quadrillion, making it the third largest foreign exchange trading center globally, second only to the United Kingdom and the United States. Countries such as Malaysia and Brunei, relying on their resource endowments and industrial upgrades, have formed relatively well-developed modern industrial systems and have mature financial infrastructure. In contrast, countries such as Cambodia and Laos have per capita GDPs of less than US$3,000, with agriculture accounting for more than 20% of their economic structure, weak industrial foundations, and financial systems dominated by traditional banking, with modern financial formats such as securities and insurance lagging behind.

These differences in economic development levels are directly reflected in the demand for currency swaps. Economically developed countries such as Singapore and Malaysia, with ample foreign exchange reserves and diversified financing channels, have a lower dependence on currency swaps.

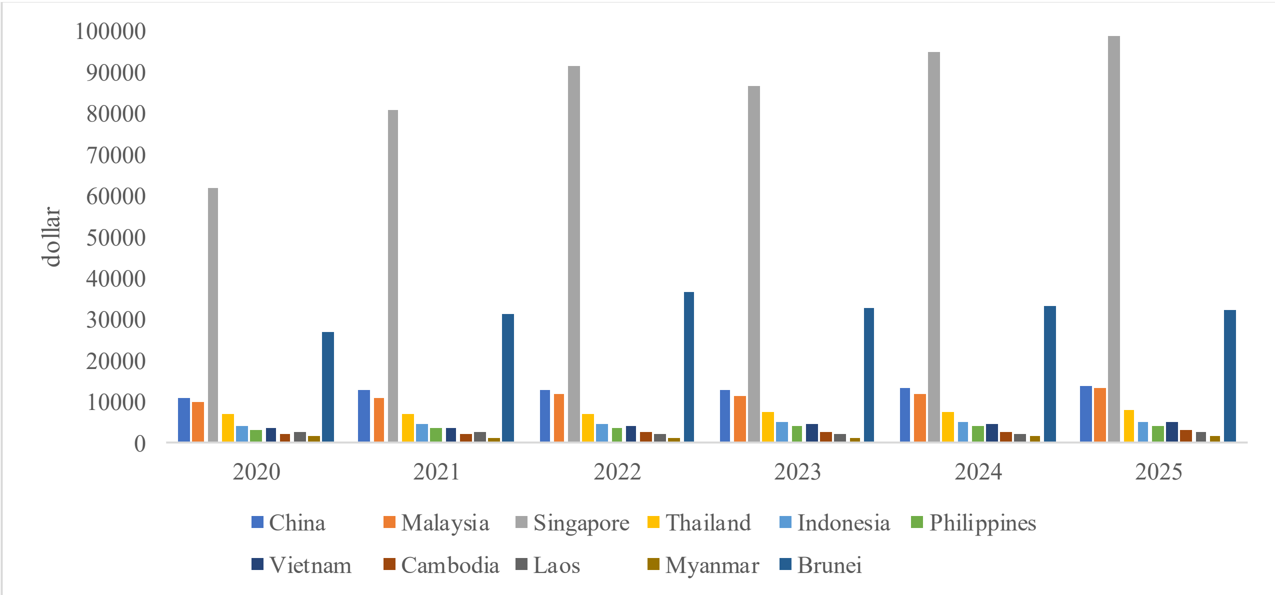

Figure 2. Per Capita GDP Trend of China and ASEAN Countries from 2020 to 2025 (Unit: USD)

Data source: World Bank

From the perspective of the financial system, there are significant differences in financial regulatory systems and monetary policy frameworks among different countries. Singapore adopts a "twin-peak regulation" model, establishing a unified regulatory framework covering banking, securities, and insurance, with financial regulatory standards aligned with international standards. Malaysia implements separate regulation, but continuously enhances regulatory efficiency through financial market integration plans. In contrast, countries such as Laos and Cambodia are still in the stage of improving their financial regulatory systems, with gaps in regulatory laws and regulations, and relatively backward management methods for cross-border capital flows. In the case of Cambodia, a comprehensive anti-money laundering monitoring system has not yet been established, and the transparency of cross-border capital flows is insufficient, which invisibly increases the difficulty of currency swap cooperation. Singapore, with its relatively developed financial market, has almost no regulations on capital inflows and outflows, nor investment restrictions on residents and non-residents. Cambodia, Malaysia, Brunei, and the Philippines also have relatively loose regulations, while Indonesia, Thailand, Vietnam, and Myanmar impose stricter regulations on capital flows [3]. In the process of currency swaps, differences in financial regulatory standards among countries lead to restrictions on capital flows, affecting the smooth progress of currency swaps.

4.2. Geopolitical Factors

In the international landscape where geopolitical rivalry and regional economic cooperation are deeply intertwined, geopolitical factors have become a key variable influencing the progress of China-ASEAN monetary cooperation. As a typical manifestation of the "security dilemma" theory in international political economy, sensitive issues such as sovereignty disputes in the South China Sea not only exacerbate the complexity of regional political relations, but also pose multiple constraints on the institutional construction and practical advancement of monetary cooperation through paths such as the depletion of political mutual trust and obstacles to policy coordination.

As a geopolitical focal point, the South China Sea dispute, involving sovereignty disputes, resource development, and navigation safety issues, directly translates into practical obstacles in monetary cooperation. The South China Sea waters contain approximately 23 billion barrels of oil equivalent in oil and gas resources, and serve as a strategic passage connecting the Pacific and Indian Oceans, carrying about 30% of global maritime trade and transportation volume. Based on sovereignty claims and resource interests, some ASEAN countries extend the political sensitivity of the South China Sea issue to the field of economic cooperation. Affected by the fluctuations in the South China Sea situation, the growth rate of cross-border RMB settlement in countries such as Vietnam and the Philippines declined between 2020 and 2022 compared to periods of stable situation. Scholars have also found that the impact of geopolitical risks on the RMB's role as a currency anchor is heterogeneous. When geopolitical risks rise, countries and regions with high trade openness choose to anchor the RMB, whereas they choose to reduce the degree of anchoring to the RMB when geopolitical risks decline [4]. Political distrust can lead to low enthusiasm among countries in financial cooperation areas such as currency swaps, increasing the difficulty and uncertainty of cooperation.

4.3. Pressure from the US Dollar's Dominance

The US dollar remains the primary transaction currency in ASEAN, and its policy changes have impacted the exchange rates of ASEAN currencies. The continuous interest rate hikes of the US dollar have always been a key concern for various countries. Changes in the Federal Reserve's monetary policy have impacted ASEAN countries through three core channels: exchange rates, interest rates, and capital flows. The strengthening of the US dollar in 2023 led to the depreciation of many ASEAN currencies, with the Indonesian rupiah and Thai baht experiencing weak exchange rates, directly affecting the real economy and regional financial stability. The cost of external debt denominated in foreign currencies has significantly increased, exacerbating the burden of national debt repayment. Secondly, export enterprises face the risk of "currency mismatch," and their profit margins are severely compressed. Capital outflows have led to tight liquidity in domestic financial markets, causing significant fluctuations in the stock and bond markets.

The long-term oppression of dollar hegemony has posed severe challenges to ASEAN countries in terms of monetary policy independence, foreign exchange reserve management, and financial stability. As the exchange rate of their local currencies needs to be anchored to the US dollar to maintain trade competitiveness, most ASEAN countries are forced to follow the monetary policy adjustments of the Federal Reserve, sacrificing their autonomy in domestic economic regulation. At the same time, to cope with the liquidity risk of the US dollar, ASEAN countries need to maintain high foreign exchange reserves for a long time, crowding out funds for the development of the real economy. More seriously, the international settlement system dominated by the US dollar has made ASEAN countries bear high exchange costs and settlement risks in international trade. The implicit costs incurred by ASEAN companies due to US dollar settlement are also very significant every year. This structural vulnerability is particularly prominent during financial crises. In both the 1997 Asian financial crisis and the 2008 global financial crisis, ASEAN countries suffered heavy losses due to their excessive dependence on the US dollar system.

5. CONCLUSIONS AND SUGGESTIONS

5.1. Expand the Scale and Coverage of Currency Swaps

We should expedite the signing of cooperation agreements with countries such as Laos and Vietnam, which have not yet established or need to deepen currency swap agreements, and build a financial security network covering all ten ASEAN countries through top-level design. This network can rely on the framework of the Chiang Mai Initiative Multilateralization Agreement to integrate bilateral and multilateral swap mechanisms, forming a tiered and fully-covered liquidity support system. At the same time, it is crucial to establish a differentiated currency swap credit line mechanism. This requires comprehensive consideration of indicators such as GDP size, trade dependence, and foreign exchange reserve levels of each country, combined with regional trade growth trends and actual capital needs. A dynamic evaluation model should be used to regularly adjust the swap scale, appropriately increasing the credit line ceiling for countries with high trade activity and weak risk resistance, and setting an elastic floating range for economies with stable economies and sufficient reserves. This ensures that currency swap resources accurately match the needs of each country, effectively enhancing the resilience and stability of the regional financial system.

5.2. Strengthen Economic Cooperation And Aid

Against the backdrop of intensifying global economic uncertainty and intertwined regional financial risks, deepening economic cooperation between China and ASEAN and strengthening development assistance have become core paths to enhance the efficiency of currency swaps and build a solid defense line for regional financial stability. It is necessary to promote infrastructure connectivity projects between China and ASEAN countries, create a "hard connectivity" network for regional economic circulation, accelerate the construction of the remaining lines of the Trans-Asian Railway, promote smart and coordinated port clusters, deepen cross-border electricity trade cooperation, improve the efficiency of regional logistics and energy supply, directly drive the growth of trade scale, and create more scenarios for local currency settlement. In terms of industrial cooperation, focusing on high-end areas such as the digital economy with more developed economies in response to the development differences among ASEAN countries, while strengthening assistance to less developed countries in agriculture and labor-intensive industries to improve their economic levels, narrow regional economic disparities, and enhance regional financial stability and risk resistance capabilities. At the same time, China can help relatively underdeveloped ASEAN countries develop industries by providing technical support, investment assistance, and other means, improve their economic development levels, narrow economic disparities within the region, and create a more favorable economic foundation for currency swaps and regional financial stability.

5.3. Strengthen Political Dialogue And Mutual Trust

Within the framework of currency swaps and regional financial stability, political mutual trust serves as the core element to remove obstacles to cooperation and ensure policy coordination. It is advisable to institutionalize high-level mutual visits and establish a multi-layered and regularized political dialogue platform through channels such as annual leaders' summits and regular foreign ministerial consultations. Existing frameworks like the China-ASEAN Leaders' Meeting and the Lancang-Mekong Cooperation mechanism can be leveraged to incorporate special topics on financial cooperation and coordinate the direction of monetary cooperation at the strategic level. In addressing geopolitical disputes, it is necessary to establish a crisis management mechanism that separates politics from economics. Drawing on the successful experience of the Declaration on the Conduct of Parties in the South China Sea, a "dual-track solution" can be established for sensitive issues: political differences can be gradually resolved through diplomatic negotiations, while ensuring that economic cooperation remains undisturbed. It is recommended to establish a regional financial cooperation committee, composed of finance and central bank officials from various countries, to regularly assess the impact of political risks on currency swaps and adjust cooperation strategies in a timely manner. Through sustained political dialogue and mutual trust building, the chain of suspicion in policy implementation can be effectively eliminated, laying a solid political foundation for the deepening implementation of currency swap agreements and the construction of a regional financial stability system.

5.4. Promote the International use of the RMB

The internationalization of the yuan has played a positive role in expanding China-ASEAN economic cooperation [6]. In cross-border economic and trade activities, the scope of use of the RMB should be further expanded. We should promote the use of the RMB for pricing and settlement in bulk commodity trade, and promote full-process RMB payment in landmark infrastructure projects such as the China-Laos Railway and the Jakarta-Bandung High-Speed Railway. We should support cross-border e-commerce platforms in opening RMB settlement channels to reduce the exchange costs of small and medium-sized enterprises. At the same time, we should accelerate the construction of the RMB offshore market in the ASEAN region, with Singapore as the core hub, linking financial centers such as Malaysia and Thailand, enriching the supply of financial products such as RMB bonds and derivatives, and improving the efficiency of RMB financing. In addition, we should vigorously develop direct transactions between the RMB and ASEAN currencies, add trading varieties in the interbank market, introduce diversified market makers, and improve the bilateral exchange rate formation mechanism. Through these measures, we will gradually enhance the acceptance and usage of the RMB in the region, reduce dependence on the US dollar, and lay a solid monetary foundation for the deepening implementation of currency swap agreements and regional financial stability.

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