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Evolution of Bilateral Swap Lines**Prepared by Michael Perks, Yudong Rao, Jongsoon Shin, and Kiichi Tokuoka¹**

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Abstract

This paper makes contributions to the study of bilateral swap lines (BSLs). First, this paper fills a BSL information gap by constructing a comprehensive database of BSLs based on publicly available information, including after the onset of the COVID-19 pandemic. Second, the paper provides the results of regression analysis exploring several empirical questions that were not covered in previous studies. The paper documents the evolution of BSLs into an important part of the Global Financial Safety Net (GFSN), with some helping to stabilize financial market during both the Global Financial Crisis (GFC) and the COVID-19 pandemic. Analysis suggests that countries on the recipient side of BSLs are more likely to sign and renew BSLs designed to alleviate balance of payments needs as their external position weakens. U.S. Federal Reserve BSLs appear to have been effective at stabilizing financial market conditions during the COVID-19 pandemic.

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