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Statement by the Hon. **APISAK TANTIVORAWONG,**
Governor of the Bank for **THAILAND**

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Mr. Chairman, Mr. President, Fellow Governors, Distinguished Guests, Ladies and Gentlemen

Introduction

It is my great honor to address the 2016 Annual Meetings of the Boards of the Governors of the International Monetary Fund and the World Bank here today in Washington D.C.. On behalf of the Thai Government, I would like to convey my heartfelt appreciation to the Fund and the Bank for the warm welcome and excellent arrangement of this landmark meeting.

Global Economy and Thai Economy

At the global level, growth seems mild and fragile. With sluggish global trade, many countries have taken refuge in their internal demands. Expansionary fiscal policies and accommodative monetary policies—some unconventional—have been adopted to strengthen domestic markets. The successes of single-country stimuli were mixed given limited fiscal spaces and near-zero interest rates in some countries. It has never been clearer that robust recovery requires collective actions at a global level for not only macroeconomic policy coordination but also structural reform.

Amidst the global slowdown, Thailand is well-equipped with ample fiscal space and mild inflation rate that enable us to implement timely policies to support the economy and sectors in need. Soft loans were granted for farmers and low-income earners—the so-called bottom 40 in the Bank's language—who were affected by low commodity prices and draught. Reduced corporate income tax rate was temporary granted to small and medium enterprises. And thousands of small public infrastructures were implemented throughout the country to revive local economies during this difficult time. As a result, the Thai economy has expanded close to our potential at around 3.5 percent per year.

We did not stop just that. To expand our growth potential, three major strategic areas have been emphasized. The first focus is to upgrade our infrastructures. For physical infrastructure, the government has approved a 52 billion dollars package to upgrade our roads, rails, airport, and seaport. Private companies, both domestic and foreign, who wish to invest or operate our infrastructure projects can do so through our Public Private Participation (PPP) Fast Track initiative which drastically shorten approval time. Private investors can also invest in our national infrastructure fund, the so-called "Thailand Future Fund." By the end of this year, all 20 projects under the 52 billion dollars package are expected to begin.

For the financial infrastructure, the Thai government has launched "National e-Payment Master Plan" with the aim to replace cash transaction with electronic payment system throughout the country. To date, over 15 million Thais have already registered to our peer-to-peer electronic payment that would enable to them to transfer cash virtually without cost. The next phase is to extend this payment system to cover business and government sectors. The tax system will also be upgraded to electronic platform whereby receipts and invoices can be filed electronically and tax refund can also be paid to taxpayers electronically. Once completed, payment among people, business, and government should be faster, cheaper and more secured.

The second focus is to promote and facilitate private sector investment, both domestic and foreign, especially in key future industries. For this to happen, we have revamped our tax and non-tax incentives to be more competitive and customizable to the needs of investors. We also plan to established the Competitiveness Enhancement Fund that gives financial incentives to leading global companies in future industries such as advanced automotive, smart electronics, medical, robotics, aviation, and digital, to name a few.

Our third focus is productivity enhancement. To sustain growth in the long run, we need to focus on Research and Development (R&D) that is practical and market-driven. On this, we plan provides incentives for private sector to do more R&D by allowing companies to triple their tax deduction on R&D expenses. Moreover, we are now working on institutional arrangement and incentive alignment between businesses, research firms, and academic sector with aims to make their research driven products more marketable, while allowing each party to retain its benefit.

Despite our ambitious plan, we never neglect our fiscal discipline. We are working on our Fiscal Responsibility Act that gives greater focuses on Medium Term Fiscal Framework. It is our hope that with the three strategic focuses, we can sustain growth at higher potential to become a stronger contributing member of the world economic community.

<u>The World Bank Group</u>

I welcome for the Bank's paper on Forward Look – A Vision for the World Bank Group in 2030, which incorporates the United Nations' 2030 Sustainable Development Goals (SDGs) into the Bank's operating objectives in ending poverty and promote shared prosperity. I commend for the success of the World Bank Group so far in fighting with global poor and inequality. I therefore look forward for the Group's continuous support to ensuring that no one is left behind.

Considering the ambitious nature of the SDGs, I strongly believe that it is imperative to engage private sector to take part. Not only financial resource leveraged from private sector, but also effective operational practices could greatly contribute to economic and social development amidst limited public resources. I therefore urge the

Bank to consider greater private sector participation in its development programs or loans down the road.

I am supporting the Bank's idea to embed a more informed risk-taking attitude to its operations to increase impact based on available resource. I encourage the Bank to prepare projects that build on effective evaluation on development outcome to warrant the inclusiveness of development impact. I also would like to see the World Bank Group continues to build and maintain good relationships with clients to make sure the implementation of the projects is smooth and effective. "A one-size-fits-all" approach should be avoided and give more attention to country's specific circumstance in preparing the assistance.

For shareholding review, I am delighted to learn that the process is underway since the last capital realignment process of the 2010. Given the ambitious targets set under the SDGs, all Multilateral Development Banks (MDBs) have to explore available options to strengthen their financing capability to meet the new and challenging global development agenda. I would like to see that the process be done in such a way that will safeguard the voices of minority while improve the balance of voices between advanced and emerging members.

Having a long and close partnerships with the Bank, Thailand is pleased that the Bank has step up its quality of engagement with member countries through its new country engagement framework since 2005. The introduction of Systematic Country Diagnostic (SCD), which helps identify country-specific development gap and propose the prioritized areas of high development impacts to be included in the Country Partnership Framework (CPF) is critical to the future engagements. Having said that, we encourage the Bank to timely prepare the SCD for member countries. This will be beneficial to client countries to gain maximum benefits from the diagnostic in terms of policy identifications not only for Bank, but also for the country to tackle development gap. Close collaboration with relevant stakeholders is also criti
cal to the future of the Bank's partnership programs with the members.

International Monetary Fund

Thailand is very pleased to learn that the 2010 Quota and Governance Reform has finally become effective earlier this year, which largely augmented the Fund's resources as well as drew a major shift of quota share towards Emerging Market Economies (EMEs). I hope that this would be useful to facilitate the Fund's work in supporting member especially developing countries. Looking forward, I urge that the 15th Quota Review should make sure that the Fund remains well-resourced with quota contributions to address global uncertainties and financial crises in a more challenging economic environment. In this regard, the Quota Review is also a good opportunity to further realign voice and quota share to EMEs to reflect our growing important role in the global economy.

On the backdrop of increasing global risks and volatilities, I commend the Fund for your continued effort in strengthening the Global Financial Safety Net (GFSN), while also fine-tuning the efficiency and robustness of lending facilities to prevent systemic risks. In view of this, we encourage the Fund to coordinate and strengthen synergies with various Regional Financial Arrangements, including the Chiang Mai Initiative Multilateralisation (CMIM), as they are important supplements to the GFSN. At the current juncture, we are pleased to be one of financial contributors to the Fund's temporary borrowing arrangements to ensure that the Fund can attain sufficient resources to meet members' financial needs.

On the part of technical assistance (TA), in the long run, institutional capacity building is a key element to preserve countries' economic resilience as well as uplifting growth potentials. We greatly appreciate the Fund's support on technical assistance projects to enhance our policy framework on various fronts (e.g. public financial management, Specialized Financial Institutions (SFI) governance reform and supervisory enhancement, financial stability framework).

Mr. Chairman, Ladies and Gentleman

I would like to close my remark by sincerely thanks to the Boards of Governors, the Boards of Directors, Management, and staff of the World Bank Group and the IMF for their tireless efforts and constructive co-operations. I wish them success in their noble tasks in promoting global economic stability and eradicating poverty.

Thank you.