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Governor of the Bank for THAILAND
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Introduction

It is my great pleasure to address at the 2013 Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund. I would like to express my sincere appreciation to the World Bank, and the IMF for excellent arrangement and very warm welcome.

Global Economy and Thai Economy

Although the global economy has gradually been recovering, economic uncertainties and fragilities remain. Slow progress in economic reform in advanced economies as well as slower growth in emerging markets could affect the overall global economic growth.

On this note, I would like to share my view on the performance of the Thai economy and challenges posted upon us. In 2013, the Thai economy is projected to grow at the healthy rate between 3.5-4.0 percent. Amidst the volatile global economic and financial environment, the Thai economy is sheltered by robust economic fundamentals with low unemployment, contained inflation, high international reserves and strong fiscal position. Therefore, accommodated fiscal and monetary policies have been able to play a crucial role in supporting the economy during the time of global economic turbulence.

In 2014, the Thai economy is expected to grow within a range of 4.6-5.6 percent per year. The growth will be supported by better growth prospect in advanced economies, which will contribute positively to our exports of goods and services. Government policies will continue to support the sustainable economic growth though the focus will shift toward our infrastructure investment.

Specifically, we have planned to upgrade our water management and logistic infrastructures with the aims to reduce logistic costs and to improve domestic and regional connectivity in order to supplement the upcoming ASEAN Community in 2015. The medium term infrastructure investment would not only help boost the Thai economy during the investment period, but also help lay strong economic foundation with lower domestic energy consumption by about 3 billion US dollars per year and lesser overall logistics cost by two percent of GDP from 15.2 percent to 13.2 percent.

Regional Economic and Financial Cooperation

Thailand has long been committed to the regional economic and financial cooperation with an aim to create sustainable development across the region. With uncertain economic environment and interconnected global economy, regional effort has even more gained its momentum.
ASEAN & Greater Mekong Sub-Region (GMS) Cooperation

As the current National Economic and Social Development Plan calls for better regional interconnection and closer development gap, Thailand actively engages in Greater Mekong Sub-Region (GMS) and ASEAN cooperations. We are linking the road and rail network to the neighboring countries, which will complement the development of regional connectivity. Furthermore, Thailand has actively supported regional trade facilitation, capacity buildings, and infrastructure financing, through the Neighboring Countries Economic Development Cooperation Agency (NEDA). As one of the examples in this context, Thailand and Myanmar are jointly developing the Southeast Asia’s largest economic zone in Dawei, Myanmar, that would contribute to the realization of regional economic corridor and further enhance competitiveness of the GMS.

In this regard, I strongly believe that our plan, once completed, will create smoother economic flows within the region and we will share our path to prosperity together with our neighbouring countries.

ASEAN plus three

There have been substantial developments in regional financial cooperation, in particular under the ASEAN Plus Three pillar. Complementing the IMF’s multilateral arrangement, we have successfully strengthened our regional liquidity support mechanism of the Chiang Mai Initiative Multilateralisation (CMIM). Once the revised CMIM Agreement comes into effect, the CMIM lending capacity would be enlarged to 240 billion US dollars and equipped with a new crisis prevention facility. Furthermore, to enhance the effectiveness of regional surveillance and monitoring capacity, we are now working on the upgrade of ASEAN+3 Macroeconomic Research Office (AMRO) to a full-fledged International Organization.

With the above positive developments, Thailand is confident that the region is now well prepared against potentially adverse financial shocks that could arise. Regardless of the substantial progress in regional financial cooperation, I strongly believe that there are areas that can be strengthened further, especially building more linkages between national agendas and regional priorities, so that all countries will be able to enjoy benefits derived from the regional cooperation.

The World Bank Group

We welcome the WBG efforts to deliver the Twin Goals aiming to reduce the number of people living in extreme poverty to three percent by 2030 and lift shared prosperity of the bottom 40 percent population in every country. Thailand is pleased to note that the WBG is not only focusing on growth enhancement, but also encouraging long-term economic, social and environmental sustainability.

Thailand also welcomes the ongoing WBG Strategy to align all activities in order to increase the development impact based on the Bank’s comparative advantages and global presence to crowd-in external resources. We are confident that, with this new strategy, the impact will be better and greater. We look forward to seeing measurable progress in the near future.
Thailand envisages that proper realignment of the WBG’s finance strategy will increase its capability for developments, efficiency for performances, and accountability for clients. In addition to leverage of WBG’s resources, Thailand would like to see increasing collaborations between the Bank and other Multilateral Development Institutions in preparing programs to avoid unnecessary redundancy.

We are pleased to see the continuation of WBG’s vital role in assisting developing and transition countries to weather the short-term impacts of the current global economic crisis and help the countries address the medium and long-term challenges in achieving the Millennium Development Goals (MDGs). In this connection, Thailand would like to urge the WBG to engage closely with Middle Income Countries and Emerging Economies, whose excessive fund and capital can be leveraged to support the said Twin Goals.

We also appreciate the “Solutions Bank” strategy that provides knowledge sharing between the WBG and clients, offers appropriate policy advice, gives institutional support, and designs investment programs for client countries.

Thailand would like to reiterate that climate change is one of the most serious global challenges of our time and urge the WBG to continue supporting the adaptation and mitigation of the said challenges through related agencies.

Thailand supports the WBG’s upcoming Country Partnership Framework (CPF). Instead of using a ‘one-size-fits-all’ approach that may cause discontent from development programs, CPF would regard the differences of each individual country based on the new “Client Focus” approach and align with the country’s priorities and expectations.

On a bilateral level, Thailand and the WBG are initiating a 4-year Country Partnership Strategy (CPS) during 2014-2017. Also adopting the “Client Focus” approach, the CPS would be a platform for the uninterrupted cooperation in line with Thailand’s national strategies, focusing on 4 strategic pillars, namely, enhancing country’s competitiveness, developing towards green growth, achieving inclusive growth, and improving public management.

**International Monetary Fund**

Given the fragile global economic recovery, the role of International Monetary Fund (IMF) as an International Lender of Last Resort needs to be prioritized. Thailand, along with other members, has cooperated with the IMF to enhance Fund resources to ensure its adequacy. In addition to the support for the ongoing quota review, which would double the Fund’s quota resource when become effective, Thailand has participated in the other loan programs including the Bilateral Borrowing and the multilateral “New Arrangements to Borrow”. Moreover, as part of the WBG/IMF agenda to alleviate poverty problem in the Low-Income Countries (LICs), Thailand consented to contribute its allocated portion of the windfall gold sales profits to the Poverty Reduction and Growth Trust (PRGT), which would allow the Trust to be part of the sustainable concessional financing framework for the LICs. The cooperation between the WBG and the IMF as well as other member countries is imperative for the eradication of global poverty and sustainable inclusive growth.
We would like to take this opportunity to sincerely express our appreciation to the Boards of Governors, Management, and staff of the Bank and the Fund for their continued support and fruitful co-operations. We wish them success in their tasks of promoting global economic stability and eradicating poverty.

Thank you.