



GS-13

THAILAND

Areepong Bhoocha-Oom, Alternate Governor

It gives me great pleasure and honor to address this auspicious gathering. On behalf of the Government of the Kingdom of Thailand and Thai delegation, I would like to convey our deepest appreciation to the Government of the Socialist Republic of Viet Nam and the people of Ha Noi for excellent arrangements and cordial hospitality extended, which have contributed to the success of this 44th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB).

Recently, the world economy has been strengthened, with developing countries accounting for almost half of the global growth. However, the global economic outlook remains fragile as inflationary pressures are building, coupled with uncertainties in the Middle East and North Africa, as well as significant rises in food and fuel prices. As a consequence, food security has become one of the most pressing issues that we have to face. As East Asia and the Pacific Regions have a fair share in the global agricultural market, the regions are very much vulnerable to climate changes which undermine meteorological conditions and cause declining crop yields. For Thailand, we are dominant in the global rice market, as such, we would like the ADB to play more important role by giving policy advice and research assistance to promote a fair-pricing regime. We also strongly encourage the ADB to establish closer cooperation with other international partners to explore ways to ensure long term food sustainability.

For recent economic situation in Thailand, our economy has fully recovered from the 2008-2009 global economic crisis, as evidenced by the better than expected growth of 7.8 percent per year in 2010. The quick recovery was caused by revivals in both global and domestic demands which results in expansions in exports as well as private consumption and investment. The economy has also been supported by our continuing robust fiscal policies. However, the role of government in supporting the economy begins to subside in the time when private sector is fully functioning in driving the economy forward. Furthermore, our government has implemented Stimulus Package 2 (SP2), in which the government and state-owned enterprises would invest in physical and social infrastructure projects to allow for immediate actions as well as medium-term policy to ensure sustainable growth as well as medium term competitiveness in Thailand. The SP2 covers several projects, such as water management, transportation, energy and alternative energy. We have to thank the ADB for funding a part of the SP2 through the Capital Market Development Program Loan. In the year 2011, our economy is forecasted to continue to grow within the range of 4.0 – 5.0 percent. We expect private domestic spending, consumption and investment, which are projected to continue to grow from the year 2010, to be the main drive for economic growth.



On the cooperation between Thailand and the ADB at the national level, Thailand values the ADB's role in promoting (i) opportunities for private sector participation in infrastructure development through mainstreaming Public Private Partnership or PPPs, (ii) capital market development and, (iii) environmental management and energy efficiency through innovative approaches and technologies. In this regard, we thank the ADB's works under the Country Partnership Strategy (CPS) that have provided us technical assistance as well as knowledge transfer. We also look forward to ADB's future support on microfinance issue, towards inclusive growth to mitigate social and economic inequality.

At the regional level, Thailand has developed regional partnership program and activities with the ADB through Thailand's International Development Agency, namely Thailand International Development Cooperation Agency (TICA) and the Neighbouring Countries Economic Development Cooperation Agency (NEDA). Recently, there have been several joint programs on training and lending which have been successfully developed by the ADB and Thailand for our neighbouring countries, and countries within the Greater Mekong Sub-region (GMS) Economic Cooperation. We underline that the strategy of the 3Cs ('Connectivity', 'Competitiveness', and 'Community') is very important for increasing trade and investment within the GMS. Therefore, better coordination between physical connectivity (or hardware assistance) and cross-border facilitation of commerce (or software assistance) to these countries should be more emphasized. It is time for us to ensure that such hardware and software mechanisms are moving forward in the same direction, in order to achieve our aims in helping neighbouring countries achieving sustainable economic and social development.

With regard to the Asian Development Fund (ADF), it is crucial for the ADB to show more commitment through better result measurements and grant financing window for poor countries. As a donor of the Fund and a shareholder of ADB, Thailand would like to encourage other donors to make the contributions in time in order to avoid uninterrupted operation of the ADF. For the upcoming ADF XI replenishment, we would expect the priorities of this Fund to be consistent with the ADB's Strategy 2020, which has the mandate's goal of reducing poverty in Asia and the Pacific.

Furthermore, with an aim to effectively respond to the global economic and financial crises, the ASEAN and ASEAN+3, which Thailand is one of the members in these fora, have placed the utmost priority on strengthening regional cooperation through deeper economic integration and closer economic cooperation.

As ASEAN has envisioned to becoming a single market and production base under the ASEAN Economic Community (AEC) by 2015, we have intensified our efforts to achieve free flows of goods, services, investments, as well as skilled labours, and freer flow of capital. Last year, we reached an important milestone for ASEAN economic integration as the six original Members of ASEAN; namely Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Thailand; eliminated their tariff rates for all products in their respective Inclusion Lists under the ASEAN Free Trade Area (AFTA), while the remaining four Member States will do likewise in 2015. Again, early this year, ASEAN achieved another major steppingstone towards the free flow of services by concluding the Fifth Round of Financial Services Negotiations to further liberalise all Member States' financial services. The ASEAN Finance Ministers will launch next Round of Negotiations right after the implementation of this Fifth Round. We are certain that, with all the successes we have achieved to date, we will be able to witness the establishment of the ASEAN Economic Community by the target year.

As for the ASEAN+3 Financial Cooperation, following the successful launch of the Chiang Mai Initiative Multilateralisation (CMIM) in March 2010, we are currently in the process of

further enhancing the effectiveness of CMIM in order to provide a timely financial support, if needed, in the event of liquidity shortfalls and short-term balance of payment difficulties. In addition, since the recent global financial crisis, we have been putting our resources on addressing the new challenges which have been emerged. One of the possible approaches on our agenda is to introduce crisis prevention function in the Regional Financial Safety Net to better deal with possible future crisis in the region in a more efficient and effective manner. We have also seen the successful establishment of the Regional Surveillance Unit, commonly known as the ASEAN+3 Macroeconomic Research Office, or AMRO, to serve as a regional tool in monitoring regional economies and identifying risks that could pose a threat to regional financial stability, and efficiently facilitating the implementation of the CMIM. The AMRO will start its operation by May 2011.

Moreover, many efforts have been made individually and collectively under the Asian Bond Markets Initiative (ABMI). The Credit Guarantee and Investment Facility, or CGIF, which is a trust fund under the ADB with an initial capital of US\$700 million, with an aim to facilitate the issuance of local currency-denominated corporate bonds for ASEAN+3 Members, is planned to start its operation by the middle of this year. Special thanks to the ADB for your continuing support, which greatly contributes to the successful of the ABMI.

As globalization gather in pace, there is much work for regional institutions like the ADB to ensure that Asia lives up to its promise and potential in the coming years. We are confident that the ADB will continue to evolve to better cope with the fast changing environment and the pressing needs of Asia. To this end, Thailand will remain a supportive and willing partner with the ADB, and we look forward to our continuing good relationship in the years to come.

Thank you very much.