

WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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INTERNATIONAL MONETARY FUND

Press Release No. 22

September 24–25, 2005

Statement by the Hon. **THANONG BIDAYA**,
Governor of the Bank for **THAILAND**,
at the Joint Annual Discussion

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Mr. Chairman, President Wolfowitz, Managing Director De Rato,
Fellow Governors, Distinguished Delegates,
Ladies and Gentlemen,

It is my great honor for me to express my appreciation to the World Bank/IMF and the United States for their warm hospitality in the 2005 World Bank/IMF Annual Meetings in Washington D.C. I would also like to join my fellow governors in extending my warm welcome to Mr. Paul Wolfowitz on your appointment as the new President of the World Bank. I believe that you will use your vast knowledge and experience to lead the Bank in fulfilling the dream of “a world free of poverty” during your tenure.

Mr. Chairman,

Rising oil price and volatile short-term capital movements as well as natural disasters have detrimental impacts on the world economy. There is a definite need for collective actions to moderate these shocks before their impacts will destabilize the prospect of world economic growth and stability in the near term. Despite these impacts, Thailand has proven to be resilient in weathering these man-made and natural disasters. Last year, Thai economic growth reached 6.1 percent. This year, despite continuously rising oil price and the tragic natural disasters of Tsunami, Thai economic growth will remain positive and vibrant at least at 4 percent. Inflation will be contained at around 4 percent despite the cost push, while our foreign reserves remain high, above three times higher than our short-term external debts. We will continue to be vigilant to ensure sustainable growth with strong economic stability.

Mr. Chairman, Ladies and Gentlemen,

The Thai government is firmly committed to a balanced sustainable growth for both economic and social development objectives. Today, we are proud to have successfully reached most of the MDGs' target well ahead of schedule. The targets for reducing poverty and hunger, achieving universal primary education, promoting gender equality, as well as combating HIV/AIDS and malaria remain high priority although most target have already been achieved. We will aim higher to establish a new set of "MDG-Plus targets", which are more ambitious, but attainable, than those agreed internationally. Prime Minister Thaksin Shinawatra's government has also set a policy target to eradicate poverty by the year 2009.

Mr. Chairman,

As a successful middle income country in achieving development goals, Thailand is in a new mode able to contribute positively to the Global Partnership for Development. By taking an expanded role in sub-regional development, Thailand is actively sharing with other countries in the Greater Mekong Sub-region our own experience and know how from first-hand experience in the fight to reduce poverty. In addition, we are actively engaged with our neighbors to improve and facilitate transport linkages within the sub-region. We have established a new agency, Thailand's Neighboring Countries Economic Development Cooperation Agency (NEDA), to continue this thrust in a meaningful way. Thailand is now ready to fully cooperate, where possible, with international organizations, particularly the Bretton Woods Institutions, in extending our support to assist socio-economic development programs in other developing countries in the region and beyond.

Mr. Chairman,

On matters relating to the World Bank, we appreciate the important roles played by the World Bank in supporting our committed reforms in the areas of human and social capital, competitiveness, poverty, and environment. However, in relation to the World Bank's policy in general, we feel that the direction of the Bank placed emphasis on only one region although all regions face similar challenges in reaching the MDGs. As a

multinational institution, we would like the Bank to be more balanced by giving equal emphasis to problems facing every region.

Thailand would also like to commend the IMF for making continuous efforts to strengthen its roles in the international capital markets. Nevertheless, we would like to caution the Fund against moving into areas that are not the Fund's core mandate, so as to keep the Fund focused on its policies to ensure the effectiveness of its surveillance mandate. In addition, on capacity building, it has been our experience that longer-term technical assistance is much needed. However, the introduction of user fees for services would be a great disservice to the Fund, as it would deter member countries to participate in benchmarking exercises.

Last but not least, we would like to draw attention on the Board of Governors concerning the relationship between the Bretton Woods Institutions and their members. At the heart of the issue is the reform to ensure that the **voices** of all countries and regions are equitably represented to reflect their role in the world economy. The voting shares of developing countries need to be adjusted to reflect their true weight in the world, and the rights of minority shareholders have to be protected. These reforms are long overdue. To retain its credibility and mutual trust from their members, the Board of Governors and management should strongly press for these changes; otherwise, how could these Institutions preach member countries on governance issues.

Thank you.