

**THAILAND**  
**SOMKID JATUSRIPITAK, Governor**

It is a privilege and a great pleasure for me to address the distinguished guests and delegates of the Thirty-Fourth Annual Meeting of the Asian Development Bank (ADB). First of all, I would like to express my appreciation to the government of the United States the Governor of Hawaii, and the people of Hawaii for the very warm hospitality and excellent arrangements extended to my colleagues and me during this annual meeting.

***Thailand's Prospects: A Proactive Agenda To Achieve Sustained Economic Recovery***

I would like to begin by discussing the economic situation and outlook of Thailand.

Although Thailand has overcome the worst conditions since the Asian financial crisis of 1997, many urgent issues have yet to be tackled in order for Thailand to achieve full economic recovery.

During the past three months that the new government has assumed its administration, we have made considerable progress by launching a proactive agenda to stimulate the rural economy and to mitigate the growing risks from the effect of global recession. Among others, a broad-based fiscal stimulus program has been embarked on, to encourage the participation of the domestic sectors. Given that the new Government has adopted the continuation of prudent fiscal discipline policy, we seek to reallocate the budget and directly channel the funds to the grassroots level of the economy.

In this regard, the Revolving Fund Initiative has been established to spearhead grassroots demand promotion. A revolving fund will be provided to 70,000 villages throughout Thailand. The fund will serve primarily as a development capital to support local entrepreneurs who are in the best position to make optimal use of the resources. Administered by communities in a transparent process, the revolving fund should invigorate local businesses and create additional job opportunities.

The agenda will also prioritize the development of local small- and-medium-sized enterprises (SME) to help spur economic revival and play a lead role in Thailand's economic growth. Coordinated initiatives have been launched, including a new SME bank. The Thai people have the ingenuity and entrepreneurial skills to create high-value-added niche products. SMEs support industries that deepen our manufacturing base and generate employment, thereby helping to redress social inequalities.

Export and tourism represent Thailand's key sources of revenue. Although the global economy is slowing down, Thailand should be able to maintain reasonably strong export products and services. A new market-driven export strategy will focus on opening

new markets and developing new products that will take advantage of our domestic strengths and resources. Likewise, a coordinated, market-led tourism strategy is being executed to boost the natural potential of Thailand as a premier tourist destiny.

A healthy financial sector is absolutely critical to ensure economic recovery. The Government has moved resolutely to invigorate a seized-up financial sector. By midyear, we expect to establish a central asset management agency that will initiate a comprehensive clean up of non-performing loans, thus allowing banks to again function properly as credit providers. This mechanism will help expedite systematic corporate restructuring as well as reallocate resources for their best use.

In achieving solid economic progress, the Government of Thailand is determined to turn the crisis into an opportunity to instigate reforms.

- A broad-based legal reform is under way. Undertaken by a specially appointed task force comprising Thailand's leading legal experts, the reform aims to eliminate red tape and modernize the country's legal infrastructure.
- Financial sector reform, covering both the banking and capital markets, is proceeding with emphasis on good governance and transparency.
- Agricultural and industrial reform has just taken off. Key agencies are taking the lead in working with the private sector to formulate new strategies to create higher value-added products and achieve quality-critical process improvements in agriculture and other key industries. The goal is to build a strong base for a highly productive economy that will intelligently utilize the country's core strengths and resources, and hence be able to adopt a strong competitive position in the global market.
- Furthermore, educational reform has been launched to ensure the sufficient supply of high-quality workforce. Appropriate technology upgrading has also received special emphasis as an absolute necessity in the new economy.

Educational reform and advancement in technology aim to enhance Thailand's research and development capacity, and to more effectively use research and development to support economic growth. Together, these will foster the longterm sustainable competitiveness of the nation.

The Government of Thailand is also fully committed to carry out public enterprise reform. State enterprises' assets amount to half of the country's GDP and greater efficiency in the utilization of these assets will help raise the country's long-term growth potential. A comprehensive reform package comprising a privatization framework and the new State Enterprise Management Law will be implemented this year.

Ultimately, reform initiatives are crucial to Thailand's socioeconomic progress, as these will focus on the strategic development of the country's inner strengths and the upgrading of Thailand's long-term capability to compete in the global arena. It should be

noted that in moving forward, our reform process would greatly benefit from collaboration with foreign partners. In this regard, Thailand continues to promote the growth of international partnership, trade, and productive foreign investment.

Today, Thailand faces a number of important challenges. The Government is committed to carry out its proactive policy agenda to revitalize economic recovery and implement needed reforms to strengthen Thailand's long-term prospects. Key policy initiatives have now been put in place and are being diligently executed. We are hopeful that the unprecedented mandate that the Government has received from the Thai voters should make it possible for the Government to achieve these goals.

### **ADB's Role and Future Directions**

In closing, I would like to briefly add a few key issues pertaining to the policies and operations of ADB. ADB has been an important partner in helping the Asia and Pacific region emerge from the recent crisis. Looking forward, I firmly believe that ADB will continue to have a lead role in the development of Asia.

Let me assure you that Thailand fully supports ADB's continued focus on poverty reduction as reflected in the recently formulated long-term strategic framework. We also support ADB's continued advisory role in working with member countries to develop their respective strategies and to promote cooperation among members for the common benefit of the region's economy.

We are very pleased that ADB has always been an important partner in strengthening the regional crisis surveillance mechanism. We hope that ADB will continue to play its key role in enhancing institutional capacity for peer review, in order to achieve the Chiang Mai Initiative's goal of greater regional stability.

Finally, I would like to congratulate ADB and its staff for their many accomplishments over the years. Thailand is committed to working with ADB, under the able leadership of President Chino, to build up our collective capacity in meeting the challenges of the future.