



GS-13

THAILAND

Somchai Sujjapongse, Alternate Governor

Mr. Chairman,
President Kuroda,
Fellow Governors,
Ladies and gentlemen,

It is an honor for me to be here in Bali for the Annual Meeting of the Board of Governors of the Asian Development Bank. On behalf of Thailand, I would like to thank to the Government and the people of Indonesia for their warm welcome and great hospitality in this most beautiful city of Bali.

Ladies and gentlemen,

As we all aware, the current world economic and financial system has been experiencing unprecedented turmoil. The world economic and financial landscape has been adversely affected by this global-scale crisis. As the crisis worsened, the global economy has experienced sharp contractions in world demand and trade flows. In 2009, global economic growth is projected to record a severe contraction of 1.7 percent.

Likewise, Thailand cannot escape from negative impacts of the global economic turmoil. Our country has been facing substantial contractions in export value and domestic spending. Global crisis impact to the real sector in Thailand led to contracting GDP growth in the 4th quarter of 2008. This year, the Thai economy is forecasted to contract at -2.5 percent which is the result from the decline in export and domestic spending. However, there is a significant belief that our economy has reached the bottom in the 1st quarter of 2009 and internal economic stability is expected to improve.

To deal with the crisis, Thailand has proactively implemented expansionary fiscal policy and accommodative monetary policy to boost the domestic demand. Our stimulus programs implemented concentrated on increasing domestic consumption and providing various types of support for affected groups. We believe that it is crucial that most of the stimulus funds should be targeted at the lower income groups as they have higher marginal propensity to spend their added income. This is the most effective way to generate a “multiplier effect” on the economy and to provide the necessary alleviation and safeguard for the affected people.

We also view that this crisis creates an opportunity to invest and upgrade Thailand's economic and social infrastructures. We plan to invest in public infrastructure worth 1.57 trillion Baht (45 billion USD) focusing on key sectors such as transportation, energy, public health and education. These public investment programs would increase our country's productivity and competitiveness, while creating more jobs and income opportunities for the Thai people in the long term.

We are confident that our fiscal position could accommodate the financial requirement from economic stimulus measures and public investment. At present, public debt to GDP is at 39.3% of GDP which is relative low by international standards. Therefore, we still have some fiscal space for further policy actions in the coming years.

As the Chairman of ASEAN for 2009, the key priorities for ASEAN under the present challenges are to enhance regional financial stability and further integrate our financial markets to achieve the goals of the ASEAN Economic Community (AEC) by 2015.

ASEAN is committed to act in a timely manner to sustain market confidence and promote growth. We pursue expansionary policies as needed while maintaining medium term fiscal sustainability. We also keep our commitment against protectionism, and continue to support our free trade agenda.

Against this volatile financial environment and difficult economic condition, ASEAN has taken the initiative in coordinating with the Plus Three countries (People's Republic of China, Japan and Republic of Korea) to engage in economic policy dialogues to deal with the current crisis.

Recently, ASEAN agreed on the key elements of the multilateralization of the Chiang Mai Initiative or CMIM, and to increase the size of multilateralized CMI from 80 billion U.S. dollar to 120 billion U.S. dollar and to develop a more robust and effective surveillance mechanism to support the operation of the CMIM.

Furthermore, ASEAN+3 countries recognize that the existing global financial imbalance has contributed to this global financial crisis. We, therefore, acknowledge that the scope for regional cooperation must be expanded to mobilize savings for investments in productive areas, particularly in infrastructure development in order to spur regional growth. ASEAN countries are committed to developing the Asian Bond Markets and to further engage in examining ways to promote regional infrastructure financing.

We also agreed to explore ways to mobilize regional resource to finance infrastructure projects in the ASEAN region.

We appreciate the ADB's efforts to support the Asia and Pacific region and play a proactive role in overcoming the current global economic downturn and providing necessary capital for regional growth.

We are pleased to support the general capital increase of 200% for the ADB to fulfill its development role in the Asia and Pacific region. We suggest that the tailor-made Program Loan, Project Loan, and Cluster Loan should also be introduced in order to enhance the efficiency of the economic and social development projects.

In the Asian Development Fund X or ADF X, as a donor of 120 million Baht in the fund, we stand firm to be one part that expresses a responsibility to the world. We suggest that ADF

should provide policy linkage to improve productivity and promote climate change mitigation and adaptation in infrastructure.

To be more effective in achieving development within the Region, ADB should use a results framework to monitor and evaluate its work in a measurable way and take appropriate actions, based on results.

Going forward, we encourage the ADB to work in close partnership with World Bank and IMF, as well as to work collectively with Middle Income Countries including ASEAN to advance regional economic, financial, and trade integration goals. This could include the regional initiatives leveraging on the IFIs.

We appreciate ADB's work under the five-year Country Partnership Strategy. This Partnership Strategy assists us through technical assistance, loan and knowledge transfer to improve our long term competitiveness and maintain our sustainable growth especially in this time of high economic uncertainty.

Last but not least, we are pleased to invite all governors and delegates to attend the ASEAN Investment Day which is held during the ADB Annual Meeting. This event features investors' seminars, regional-finance related seminars, and exhibitions.

Thank you.