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Statement by the Hon. **KORN CHATIKAVANIJ**,
Governor of the Bank for **THAILAND**

Statement by H.E. Korn Chatikavanij
Minister of Finance, Thailand
2010 Annual Meetings of the Boards of Governors of the World Bank Group
and the International Monetary Fund

Mr. Chairman, President of the World Bank Group, Managing Director of the International Monetary Fund, Distinguished Governors, Ladies and Gentlemen,

It is my great privilege on behalf of the Government of Thailand to address the 2010 Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund.

Global Economy

In the aftermath of the global economic crisis in 2009, the world economy is recovering at a much faster pace than what had been previously expected. Nevertheless, the world economic outlooks still remain uncertain, and downside risks stemming from fiscal fragilities and volatile capital flow have come to the fore.

To sustain the recovery, all countries must join hands in supporting and safeguarding the global economy. The key challenge is to balance the need for continued government support while keeping the concern on public debt sustainability in checked. Therefore, at a global level, policies should focus on implementing credible plans to lower fiscal deficits over the medium term while maintaining supportive government policies, accelerating financial sector reform, and rebalancing global demand. The role of the International Financial Institutions (IFIs) is a vital source of the best global expertise, cutting-edge knowledge, and a range of financing innovation to meet pressing development priorities in 2010 and beyond.

Thai Economy

Mr. Chairman,

Thailand has recovered from the global economic crisis of 2008-2009. Our economic recovery was due to the pickups in domestic and global demand as well as the timely implementations of the government stimulus early at the onset of the crisis. The positive results are attributed to the high economic growth of 10.6 percent per year during the first half of the year, double digit year on year improvements, coupled with the rebound in export and also the level in private investment and consumption. In fact, we project that our economy will expand within the range of 7-7.5 percent in 2010.

Nevertheless, there is a need to remain vigilant to downside risks such as the capital inflows and asset bubbles. In the short term, we will continue to pay close attention to the effects of the economic and social problems caused by the global financial crisis of the past two years. We foresee positive growth for 2010 as a whole.

Moreover, our government would like to extend financial services to lower –income group and

promote micro finance to the rural communities. However, simply providing financial access to the poor is not enough, and help is also needed in terms of knowledge and financial management to assist villagers about basic household financial planning and accounting.

Regional Economic and Financial Cooperation

Along with economic priorities given to boost domestic demand, Thailand still endeavors to enhance its role and commitment to our regional economic and financial cooperation. We believe that only by working together can the individual countries of ASEAN fulfill their individual potential.

ASEAN is determined to enhance regional financial stability through the ASEAN+3 regional initiatives such as the Chiang Mai Initiative Multilateralisation (CMIM) and the Asian Bond Markets Initiative (ABMI), including the establishment of the Credit Guarantee Investment Facility (CGIF). This will help deepen financial integration and enhance intra-regional trade and investment. On further enhancing the regional financial cooperation, we urge the IFIs to explore possible ways to enhance synergies between regional initiatives such as the CMIM and IFIs financing facilities.

Reform of International Financial Institutions (IFIs)

IMF

Mr. Chairman,

On Fund matters, we welcome enhancements made to the Flexible Credit Line (FCL) and the creation of the Precautionary Credit Line (PCL), both of which would support future crisis prevention. We also look forward to further enhancements in the Fund's financing toolkit that will serve the need of members in the midst of volatile global capital movement. In particular, most members of the Fund do not currently face financing problems—but their policy challenges relate to managing capital flows given the multi-speed global recovery. As the Fund has a broad and deep perspective on this important issue, we hope that the Fund will engage with members in providing practical advice supported by in-depth research on ways to cope with this important challenge.

That said, there are much bigger matters that require urgent attention. In particular, we strongly encourage the Fund to expeditiously conclude the Quota Review that will concretely increase the voice and representation of emerging market and developing countries (EMDCs), while protecting those of low income countries. Looking back, these calls have resonated continuously yet progress has been slow, resulting in the continued under-representation of many dynamic economies.

Going forward, the relevance of the Fund in safeguarding the stability of the international monetary system depends crucially on the effectiveness of the Executive Board on the one hand, and the credibility of the Managing Director through merit-based and transparent selection process on the other.

World Bank Group

We appreciate the excellent work that the World Bank Group has done during the crisis – the triple of IBRD lending, the innovative financing by IFC and the accelerated assistance by IDA – which played a significant role in mitigating the adverse effect of the crisis.

We welcome the progress on the Bank's efforts to implement the internal reform agenda designed to modernize the World Bank Group's services on the experience and learning from its crisis.

We believe this reform program will enhance the best expertise and quality global knowledge to the clients.

We acknowledge the governance structures of IBRD and IFC reform and the improvement of accountability framework between shareholders and the organization including the implementation of the 25th Chair for DTCs and the Access to Information Policy. This reform will improve the efficiency and effectiveness of its governance and enhance the World Bank group as a global development institution.

After the reforms, we expect the World Bank Group to exercise strong leadership in promoting the development, growth and poverty reduction in developing countries and addressing global issues, with close collaboration with donor countries and other international institution. In addition, we will be pleased to endeavor to work closely with World Bank group under the new Public Sector Reform Development Policy in the very near future.

Finally, Mr. Chairman, The replenishment of IDA comes in a hard time. Many donor countries have faced significant fiscal constraints. At the same time, our poorest members have been affected by the crisis and that have adversely impacted their progress toward meeting the Millennium Development Goals. We urge that donor countries double their efforts to satisfy the IDA 16 financing needs.

Thank you.