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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
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INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **THANONG BIDAYA**,
Governor of the Bank for **THAILAND**,
at the Joint Annual Discussion

Governor's Speech
2006 Annual Meetings of the Boards of Governors
of the International Monetary Fund and
the World Bank Group
By
H.E. Dr. Thanong Bidaya
Minister of Finance, Thailand

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

It is my great honor to address the 2006 World Bank/IMF Annual Meetings, and would like to take this opportunity to express my appreciation to the host government, Singapore, for the hospitality extended to us.

This year's meetings take place against an international economic background characterized by growing uncertainty as a result of a surge in oil and assets prices, a rise in interest rates, and a worsening Global Imbalances. These have detrimental impacts on the world economy as together they could diminish the near-term global growth prospects. In this environment, appropriate actions and policies are vital to moderate these shocks before becoming a serious threat to the world economy. Despite these impacts, Thailand has strengthened its resilience as economic growth remains positive and vibrant at 4.5 percent. Inflation will be contained at around 4.7 percent, in spite of cost push from high oil price, while our foreign reserves remains relatively high at around US\$ 60 billion.

The Royal Thai Government is attaining sustainable economic growth, as well as the social development objectives. As of today, Thailand have successfully reached most

of the Millennium Development Goals, and our progresses are well ahead of schedule, especially on 'Poverty Reduction' targeted to be completed by the year 2009.

Thailand, as a successful Middle Income Country succeeding in attaining the Development Goals, has expanded its role in supporting the socio-economic development on regional and sub-regional level in order to contribute to the Global Partnership Development. By engaging in economic and financial integration, and sharing the first-hand experience in the fight against poverty, a solid building block for future growth will be established. Our newly established agency, Thailand's Neighboring Countries Economic Development Cooperation Agency or NEDA, will ensure that we continue this thrust in a meaningful way as its objective is to serve as a leading government agency to channel financing to neighboring countries in the form of loans and grants for cross-border development projects.

Thailand also supports an array of regional financial cooperations. This includes Chiang Mai Initiative or CMI, Asia Cooperation Dialogue or ACD, and Asian Bond Markets Development Initiative or ABMI undertaken under the cooperation of the ASEAN+3 framework. These cooperations will improve regional infrastructure as well as bolster demand for debt instrument trading and increase liquidity and fund mobility in intra regional level.

On matters relating to the World Bank, we appreciate that the Bank's role with Thailand has evolved beyond a borrower-lender relationship, and has moved toward a true development partnership. As development partner, the Bank has supported and continued to support us in major areas, namely; Human and Social Capital, Competitiveness, Poverty and Income Inequality, Natural Resources and Environment, as well as on Governance.

We are also pleased that one of the agenda for this year's Development Committee is on Governance issue. We fully support this strategy of the World Bank and

would like to stress that governance should be an area that compliment the development partnership between the Bank and its clients but should not slow down or lessen the activities between the Bank and its partners. On this note, the Thai Government has set high priority to improve on Governance, and has continued supporting the adoption of best international practices and law enforcement in anti-corruption and combating the financing for terrorism. Internally, our agency under the Ministry of Justice, the Anti Money Laundering Office or AMLO has continued working to enhance the effectiveness of law enforcement and related implementation. Internationally, Thailand has taken part in a number of programs with international organizations on capacity building and modernizing our financial architecture, rules and regulations in the areas of money laundering and terrorist financing. For Transparency, Thailand has already implemented e-procurement system for government's purchase resulting in substantial savings.

Thailand is also ready to engage with the Bank under the new partnership development framework for the next five years, we look forward to our expanded partnership to support the development of Economic Cooperation across the Mekong Sub-Region.

We also need support from the Fund to fine-tune its future work in response to the changing global challenges and members' needs. We would like the Fund to concentrate on surveillance as it is the main pillar of the Fund's work and would like the Fund to enhance its engagement with emerging market economies. In this regard, we view the quota increase to a small group of selected member countries in Stage One as only the first step toward a much larger quota increased in Stage Two in order to effectively regain Fund's credibility and legitimacy. Therefore, we strongly urge the Fund to implement Stage Two with a view to ensure that the quotas of a broader range of underrepresented members be adjusted to reflect their importance in the world economy by the 2008 Annual Meetings.

Last but not least, we would like to express our appreciation to the Boards of Governors, Management, and staff of the Bank and the Fund for their continued support and fruitful co-operations. Also, we wish them success in their tasks of promoting global financial stability and eradicating poverty.