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Statement by the Hon. **BOONCHAI CHARASSANGSOMBOON,**
Temporary Alternate Governor of the Bank for **THAILAND**

Statement by the Hon. Boonchai Charassangsomboon,
Temporary Alternate Governor of the Bank for Thailand
on behalf of Governor Uttama Savanayana

Mr. Chairman, fellow Governors, President of the World Bank Group
Ladies and Gentlemen

First and foremost, on behalf of the Ministry of Finance, I would like to congratulate Mr. David Malpass on assuming the 13th President of the World Bank Group in April this year. I am confident that the Bank, under his leadership, will continue to deliver quality services aiming to achieve its twin goals of eradicating extreme poverty and promote share prosperity for years to come.

Global Economy

2019 proves to be a challenging year for the global economy as both the Bank and the Fund revised down global growth projections to 2.6% and 3.2% respectively. The moves reflect weaker than expected growth in trade and investment. The slowdown seems to be broad-based as we see slower growth in major economic powerhouses such as China, India, Germany and Japan. While we are still positive of global economic outlook in the coming years, many challenges including escalating trade tensions, debt vulnerabilities in emerging countries, and rising geopolitical tension need a close monitoring. These factors could not only undermine trade and deteriorate business confidence, but may also lead to global financial instability such as reversed capital flows, exchanges rate and commodity price volatility. Therefore, we urge fellow Governors to refrain from adoption of inward-looking policy but to support for more harmonized openness policy to ensure global growth momentum. It is clear to all of us that shrinking global trade would hurt developing country most in terms of economic impacts and poverty eradication.

Thailand

Highly exposed to external sector, Thailand has felt the pinch of latest global trade decline. It is projected that the economy will grow at 3.0% this year which is lower than 4.1% in 2018 due mainly to the disappointment in export sector. This year economy has been, however, supported by domestic demands and inbound tourisms. Albeit slower growth, Thailand's economic stability remains resilient in many respects. Inflation and unemployment rates are relatively low at around 1% each while public debt to GDP stands at 41.4%, far below the 60% threshold set by fiscal responsibility law. Thailand's external balance is also solid and manageable with current account surplus stands at 6.1% of GDP and international reserve to short-term debt is at 3.5 times.

Having an elected government in office after the first general election in five years, Thailand is prepared for its major economic transformation amid global economic uncertainties.

To cope with immediate impacts from global economic slowdown, the government has launched a 10 billion USD worth of spending packages ranging from loan and debt moratorium for farmers, special loans for small-medium business, extra welfare transfer for low-income earners and elderly, and electronic cash transfer to stimulate domestic tourism spending.

Thailand's government is also committed to its medium to long term massive infrastructure development projects to increase country's competitiveness in the long run. This objective, however, must be fulfilled while maintaining country's long-term fiscal stability. Many quality infrastructure investments, both physical and digital, are key priorities for the coming years. For instance, the most notable development project is the development of Eastern Economic Corridor (EEC), which is Thailand's flagship and sizable special economic zone to house 12 targeted S-Curved smart industries that will position Thailand as an ASEAN leading production link. A high-speed rail project that connects three major airports and the upgrade of Map Ta Phut port will guarantee easy access to and from the EEC. Apart from the EEC, government also focus on upgrading transportation infrastructures such as expansion of rail network and construction of new mass transit lines in Bangkok. Shifting from roads onto rails as main mode of transport will not only enhance transport efficiency and capacity, but also reduce logistic costs and are cleaner to the environment. Major infrastructure upgrades will generate positive spillover to various sectors such as constructions, building materials, real estates and retails. To finance such immense public investments, government has applied alternative financing to leverage private sector funds such as the introduction of fast track private-public partnership (PPP) and the establishment of infrastructure funds so called the 'Thailand Future Fund (TFF)'.

On Digital Infrastructure, country-wide village broadband network has been launched in 2018 that will offer affordable high speed internet to rural and underserved households in more than 24,000 villages across Thailand. National e-payment system has also been promoted through the use of PromtPay (National ID linked with bank's account) and Standardized QR code. Currently, there are over 47 million ID registrants with an average of 4.5 million transactions per day. National e-payment has significantly contributed to the reduction of cash handling and transaction cost while enhancing efficiency and transparency of economic transactions.

The World Bank Group

We appreciate the Bank for the publication of the World Development Report 2020 – Trading for Development in the Age of the Global Value Chains (GVC) which provides deep analysis of driving factors behind the rise of global value chains and their implication on economic growth and poverty reduction. We think this flagship report comes at a right moment against the backdrop of global trade fragility. We also share the Bank's view that strong economic fundamental, innovation and technology, quality infrastructure connectivity, improved business competitiveness and targeted special economic zones are critical to enhance GVC participations. Hence, Thailand has introduced a number of measures to move up its connection to GVC which include establishing an Eastern Economic Corridor (EEC), a new and sizable special economic zone (SEZ) with upgraded infrastructures to house 12 targeted smart industries as a part of ASEAN production hub. Under Thailand 4.0's vision and the guidance of our new 20-year strategy, we also aspire to transform our economic orientation from a service-led economy to an innovation-led country by fully leverage our economic endowments and geographical advantage as the center of mainland ASEAN. Realizing that better economic welfare from global connection through international trade is so important for all countries, and developing countries in particular, Thailand has a strong support of rule-based global trade system and call for deepening trade cooperation to avoid any type of trade protectionism.

We commend the Bank on Human Capital Project initiative. We align with Bank's view that human capital deficits must be fixed in order to raise global productivity. Thailand has put human capital development at the core of its national development strategy, particularly in equipping its future workforce with necessary skills to meet with the changing need of labor market as a result of rapid technology transformation. While we underscore the importance of human capital spending, it is equally important for spending to be executed in a fiscal efficient and sustainable fashion. Thailand stands ready to collaborate with the Bank to promote human capital development within the country and across the region.

Turning to Jobs and Economic Transformation (JET), we do agree that economic transformation is inevitable for this changing world to generate new and quality jobs. We underscore the important role of private sector as a source of sustainable jobs. So far, Thailand has been quite successful in improving its attractive business environment following a close collaboration between public and private sector. In this regard, we would like to see the Bank to continue its bold support to members, especially in IDA countries, on this front.

On IDA Voting Rights Review, we appreciate the progress made on formulating guiding principles that focus not only on ensuring the process is global co-operative and inclusive of all voices but also on IDA long-term financial sustainability. We support the proposal of continued discussion led by IDA Board of Executive Directors to lead the voting right review to better reflect the current global landscape with a clear timeline of providing an update to Governors by 2020 Annual Meeting. We urge for the review to be transparent and consensus building that will positively support IDA's development role in aiding 76 borrowing countries.

The International Monetary Fund

Against the backdrop of intensified trade tensions and volatile global financial markets, the Fund, with its unique position, could play an important role in helping member countries to manage the challenges. We welcome the Fund's continuing efforts in improving its surveillance framework as well as strengthening the global financial safety net.

On surveillance, we appreciate the Fund's constructive engagement with country authorities to develop a more comprehensive and in-depth understanding of country-specific contexts, which should lead to more timely and tailored policy advices for different groups of its membership. In the time of high uncertainties, the ability to flexibly combining different tools for the optimal policy mix is of crucial importance. We encourage the Fund to develop a more granular surveillance framework and develop policy recommendations that are best suited to members' circumstances and idiosyncrasies. In this connection, we support the fund's ongoing work on the Integrated Policy Framework and the forthcoming Comprehensive Surveillance Review that should help chart the course of future surveillance and improve traction of the Fund's policy advice.

On the Fund's role in strengthening the global financial safety net, Thailand remains supportive of the Fund's efforts to bolster financial resources available to members in need, as evidenced by our continued contribution to the borrowed resources, especially to the bilateral borrowing arrangement post-GFC. Notwithstanding, we reiterate our call to reinforce the Fund's permanent resources in the form of quotas increase in order to ensure adequacy of Fund resources. We are disappointed that 15th General Review of Quotas (GRQ) does not come into fruition. Going forward, the Fund must ensure that it has adequate resources and remains a quota-based institution, which also requires further work on governance reform. The 16th GRQ should see increasing quota shares for emerging economies corresponding to its increasing contribution to the global economy while protecting the representation of the poorest members.