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WBG Governor's Statement No. 6

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Statement by the Hon. **ARKHOM TERMPITTAYAPASITH**,  
Governor of the Bank for **THAILAND**

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Governor of the Bank for Thailand**

First and foremost, I would like to commend the Bank and the Fund for your endeavor over the past year to weather the storms in the forms of a prolonged global pandemic, increasingly severe and frequent natural disasters, and an economic slowdown. As the chair of the 2022 APEC Finance Ministers' Process, I am confident that our commitment to forge cooperation for the advancement of sustainable finance and digitalization will complement the Bank and the Fund's efforts to achieve, while navigating an uncertain world, the twin goals of eradicating extreme poverty and promoting shared prosperity for years to come.

**Global economic and financial headwinds**

Gradually recovering from the COVID-19 pandemic, the global economy continues to suffer a series of shocks. Soaring prices and volatility in energy and agricultural sectors inevitably have impeded our recovery, and hampered our efforts to increase food security and end extreme poverty. In response to the inflationary trends resulting from a long period of expansionary fiscal and monetary policies to shore up the economy during and after the pandemic, major economies have raised their interest rates. However, it is almost impractical for emerging and developing economies to follow suit since economic stimulation measures, including keeping down the cost of borrowing, are still very much needed for the developing countries to bounce their economic activities back to the pre-pandemic level. Therefore, we urge fellow Governors to adopt a more gradual change in policy implementation to reduce the gap of economic recovery between the advanced and developing ones.

**Thailand's navigating an uncertain world**

Thailand's economy has continued on a path of strong recovery, with the projection of growth at 3.5% this year, due to a stronger-than-expected expansion in private consumption and tourism after the relaxation of COVID-19 containment measures and removal of border restrictions. Notwithstanding a slowdown in exports of goods which contracted slightly due to the softening global demand, we remain certain that our economic output should reach the pre-pandemic level by the end of 2022, driven by higher incomes, increased tourism, and improved employment.

In this connection, I would like to assure you that the Thai Government will continue to support the economy through fiscal and monetary policies with close coordination among economic agencies. Aware of the negative consequences falling upon the vulnerable, the Government has rolled out several support programs which include cash handouts to state welfare cardholders as well as people who need special assistance and co-payments of daily purchases. These

programs aim to sustain the level of domestic consumption, with approximately 42 million beneficiaries in total.

Over the medium and long term, we believe that our focuses are in line with the Climate Change Action Plan and the Green Resilient and Inclusive Development of the Bank, as well as the Paris climate goals and the UN Sustainable Development Goals (SDGs). Thailand has put immense efforts to increase the role of sustainable finance instruments, as witnessed by Thailand's sovereign sustainability bonds which are now listed in the Luxembourg Stock Exchange, and the increased adoption of the Environmental, Social, and Governance, or the ESG, principle in Thailand's capital market. This type of financing will soon become the norm as investors increasingly demand for green and socially responsible financial products.

With sustainable finance, we also support the investment in sustainable infrastructure – physically and digitally. Roads, railways, aviation, and broadband are keys to the positioning of Thailand as a hub of regional connectivity. We have put resources into the Eastern Economic Corridors (EEC) to catalyze innovation and future industries, especially electric vehicles.

We also aim to take on the financial disruption widely felt during the COVID-19 pandemic by improving people's financial literacy and helping them acquire effective financial management skills through the Financial Literacy Action Plan B.E. 2565-2570 (2022- 2027), guiding individuals towards debt sustainability and sufficient long-term savings. At the macro level, we are committed to maintaining fiscal sustainability and undertaking necessary reforms.

### **Deliberation on the World Bank Group**

We appreciate the Bank's effort to advance climate finance which resonates with the theme of the 2022 APEC Finance Ministers' Process, "Advancing Digital Economy, Achieving Sustainability". While good progress is being made, the world will need much more funding to reach its climate finance goals. We hope that the Bank's ambition to scale up climate finance would complement the initiative by Thailand and ASEAN in pursuing a sustainable economic development model through a continual focus on the SDGs, and transitioning to a low-carbon economy. It is worth noting that the Bank should continue to implement a common framework on debt restructuring, as for emerging and developing economies, it is unconvincing that they will thrive in the journey of sustainable and climate finance if debt-related problems remain unyielding. The Bank and the Fund should continue to explore ways to assist members to restructure their debts, co-finance large projects, and develop innovative financing instruments.

We also commend the Bank's efforts in pushing the food and energy crisis to attention of all members. The negative impact of the crisis has fallen upon the advanced and developing economies as well as among the high- and low-income households alike, albeit varying in scale. With rising inflation, tightening financial conditions, and elevated debt levels limiting policy space available to members, we look forward to seeing the Bank's provision of comprehensive, targeted,

and streamlined solutions to help members in the face of this crisis mitigate and address the impact.

### **Outlook for the International Monetary Fund**

We thank the Fund for the continuing effort in providing sound policy advice and financial assistance to members throughout these difficult periods. We also support the Managing Director of the Fund's Global Policy Agenda (GPA) working under the theme 'act now, act together for a more resilient world', which emphasizes the urgency of policy actions and prioritizes the Fund's work in (1) fighting inflation and protecting the most vulnerable, (2) providing help to those most in need through financial support along with timely and effective debt restructuring, and (3) strengthening future resilience by helping members tackle climate challenges, digital disruption, inequality, gender gaps, and fragility.

Against the backdrop of heightened uncertainties with high inflation and tightened global financial conditions, the Fund's timely policy advice, surveillance, and framework tailored to best suit members' context is needed more than ever. In light of this, we support the Fund's ongoing work on Integrated Policy Framework (IPF), which could help members formulate a holistic approach to policy formulation and effectively maneuver through this challenging global environment.

As we look forward to an increasing role of the Fund in such uncertain and volatile environment, enhancing the Fund's resources to assist member countries is crucial. With the timeline for the conclusion of the 16th General Review of Quotas (GRQ) draws near, we call for the Fund to ensure adequate resources in the form of quota increase. At the same time, we urge the Fund to continue the process of governance reform and aim to maintain its status as a quota-based institution.