



**ANNUAL
MEETINGS**
2021 | WASHINGTON DC
WORLD BANK GROUP
INTERNATIONAL MONETARY FUND



WORLD BANK GROUP

WBG Governor's Statement No. 7

October 14, 2021

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

Statement by the Hon. Arkhom Termpittayapaisith,
Governor of the Bank for Thailand

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

Current state of the global economy

In 2021, the global economy has continued to endure the effects from the COVID-19 pandemic as the new waves of infections and lockdowns continue to impede recovery progress. While those with sufficient access to vaccines have witnessed a rebound in their economic recovery, many remain suffering from the decline in economic activities and financial market volatility caused by lengthy yet necessary restriction measures. This results in an inconsistent prospect of economic growth where the number is revised up for the advanced economies but marked down for emerging and developing economies. The Fund have recently revised baseline forecasts of global GDP to grow 5.9 percent in 2021, which is largely contributed by the growth of advanced economies.

Moving forward, restricted access to vaccine rollout remains to undermine our global effort to minimize the risk from virus mutation as well as to retrieve our economic activities to the pre-pandemic level. At this critical juncture, joint effort of the multilateral development institutions is more important than ever to resolve the impacts for those significantly affected by the crisis. Therefore, we call on fellow governors and international communities to jointly provide financial and technical assistance to enhance the systems for efficient and equitable distribution of vaccines.

As all countries are channeling efforts and resources to handling with the health crisis, we emphasize the need to support a green, inclusive and resilient recovery. Despite a variation in recovery pathways of developed and developing countries, Thailand stands ready to cooperate with national governments and other multilateral organizations to strengthen our preparedness and response for the future crises which shall be built upon sustainable approach to development.

Thailand's resilient pathway to economic recovery and restoration

Along with many other countries in the region, the new variant of the COVID-19 has set back our path to recovery. Despite a successful control of the outbreak last year, the continuation of the new waves which results in an increase in the number of infections also reminds us that no

one is safe until everyone is safe. Driven by the ongoing widespread of the pandemic and a delay in reopening international borders for travel and tourism, Thailand's economy is projected to grow by 0.7 to 1.3% in 2021. In terms of stability, Thailand's fiscal position remains strong and prudent, thanks to a well-established economic fundamental on both internal and external fronts. The latest public debt to GDP remains low at 57%, giving us capacity to inject more fiscal stimulus if required. In 2022, Thai economy is projected to recover with stronger momentum in the range between 4.0 and 5.0% given that there is a consistent recovery in global economy and demand for tourism.

With the remaining challenges, the Government of Thailand has channeled all available tools to support the economy as witnessed from a substantial fiscal support including cash transfers, public health initiatives, and economic recovery programs to remedy the affected groups and stimulate the economy. During this unprecedented health crisis, our first priority is to protect lives. The second one is to support the vulnerable groups and the third one is to set out a sustainable and inclusive plan for recovery.

Since the beginning of the pandemic, the disbursement of our 1 trillion baht emergency loan has been remarkable in terms of scope and scale. Looking forward, the Government will use the additional 500-billion-baht spending to tackle the COVID-19 impact and solve economic and social issues as well as increase the investment to enhance the competitiveness of the sectors where Thailand has a comparative advantage, which could disperse the benefits to citizens in all classes. This new spending will provide the necessary resource to handle COVID-19 situation until 2022.

On financial measures, a two-month debt suspension for small and medium-sized enterprises affected by the latest containment measures has been made available. In addition, there are various measures to alleviate corporate and household debts as well as to enhance financial liquidity such as soft loans, credit guarantee, debt moratorium, debt clinic, and debt mediation.

In the longer term, the COVID-19 has given us the lesson that an extensive, inclusive and resilient recovery framework is a necessary and urgent responsibility that is not only crucial for saving lives and protecting jobs but also for individuals and businesses to increase their crisis preparedness in the long run. Therefore, the Government continues to underpin the structural economic reform, one of which through the model called the 'Bio-Circular-Green' (BCG) economic model which embed sustainable practice and environmental awareness. The Thai Government and private sector have enthusiastically committed to with the green economy principle as witnessed from outstanding sizes of our green, social and sustainability bonds. Thailand successfully launched the first sovereign sustainability bond in ASEAN in August 2020 and it marked as an important milestone of the Government's commitment towards green finance.

On the infrastructure front, transformation of the economy into new industries by accelerating investment in large-scale infrastructure projects and investment in special development zone projects called 'the Eastern Economic Corridor' are well underway to be the new engine of growth, enhancing the country's competitiveness and supporting the increase in productivity of the economy with the tremendous support to the private sector and the joint investment between the public and private sectors.

Deliberation on the World Bank Group

Going forward to the post-pandemic approaches, we appreciate the Bank's swift consideration to continue to develop during the time of upheaval and work under the most difficult situations. Given limited resource available, managing the crisis in the short term without compromising medium and long-term investments for the future is the key challenge. While the precaution on the financial and health crises remains, damaging impacts of climate change and natural disasters should not be underrated. We urge the Bank to work with governments and international communities to build broad-based global coalition to mitigate the effects of climate change and build for resilient global recovery.

In terms of the Bank's role in prevention, preparedness, and response to future crises, the role of all stakeholders is critical in lessening the impacts of foreseen and unforeseeable events. We have all learned valuable lessons from the past crisis that prevention and preparedness are pivotal to our capacity to save lives as well as reduce the burden on excessive and sudden increase in financial response after such losses have been witnessed. Therefore, we wish to emphasise the Bank's continued vigilance and responsiveness when the situation changes and stands ready to assist the health and economic needs of our region.

We commend the Bank's post-pandemic proposal on the Green, Resilient and Inclusive Development or the GRID financing. For many developing countries, challenges have become obstacles since the advent of the COVID-19. Scaled-up support for post-pandemic recovery and climate financing is tremendously crucial for our transition towards a more sustainable pathways. While we shall maintain the comprehensiveness of the GRID approach, prioritization of scaling up support in different areas and a proper resource mobilization would greatly be appreciated.

We also reaffirm the importance of the IBRD and the IFC shareholding adjustment to achieve an equitable balance of voting power between the underrepresented and the overrepresented as set out in the Lima Shareholding Principles. Given that the fiscal budget for many countries have largely been allocated to respond the COVID-19, the balanced approach and a gradual adjustment are considered appropriate. As for the next step, we would prefer further technical work to demonstrate momentum leading up to the next review.

Outlook for the International Monetary Fund

We commend the Fund's active role and swift responses in providing financial assistances to the membership throughout the crisis, especially the great effort being put in assisting vulnerable members through these trying times and the speedy execution of the general allocation of SDRs. We also support the MD's Global Policy Agenda which laid out the Fund's work priorities to (1) Vaccinate the world population to stop the spread of the pandemic (2) Calibrate policies to limit scarring, support the recovery, and counter the growing divergences within and between countries and (3) Accelerate the transformation of the global economy to achieve a more inclusive, greener, and digital recovery.

Against the backdrop of heightened uncertainties, the Fund's timely policy advice under the Integrated Policy Framework (IPF) will continue to help member countries effectively navigate through exceptional challenges. Given the likely persistent spillovers from the divergent recovery, the Fund's policy advices, surveillance tools and framework should be sufficiently flexible. This is to ensure that the Fund's recommendations continue to be relevant and practical for member countries given the constantly evolving nature of the financial and economic backdrop, particularly in the post-COVID world. With regard to the upcoming review of the Fund's institutional view (IV) on the Liberalization and Management of Capital Flows, we hope to see more nuanced policy advice, especially for countries at the receiving end of the large and volatile capital flows.

We remain supportive of the Fund's commitment to bolster the adequacy of the Fund's resources. To this end, we reiterate our call for the Fund to adhere to its commitment to conclude the 16th General Review of Quotas (GRQ) by December 2023. This is to ensure that the Fund remains a quota-based institution with adequate resources. The 16th GRQ should lead to increasing quota shares for emerging economies corresponding to its increasing contribution to the global economy while protecting the representation of the poorest members.
