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Statement by the Hon. **APISAK TANTIVORAWONG,**
Governor of the Bank for **THAILAND**

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Governor of the Bank for Thailand

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

Global Economy

During the past year, the global economy started to gain back the momentum as witnessed by an improvement in the economic growth from 3.1% in 2016 to 3.5% in 2017 and a forecasted 3.6% in 2018 by the Fund. It is also the first in many years where the Fund revised an upward growth forecast for major economies such as China and the Euro Zone. Without any doubt, the strong global growth is the result of concurrent expansionary fiscal policies and accommodative monetary policies by major economies. Meanwhile, as a result of better US economic prospects, some emerging markets and developing countries are now faced with emerging challenges from capital flow volatilities, the rising of geopolitical tension, aging populations, and almost importantly - how to ensure growth will be inclusive and equitable, benefiting the majority of the people.

Thai Economy and Policies

Thailand's economic growth has improved from 0.8% in 2014 to 3.2% in 2016. The estimated GDP growth for 2017 is 3.7 – 3.8%. The major drivers behind this was from the improvement in exports, tourism, and government investment in high quality infrastructure projects. In term of economic stability, our economic foundation is solid with low inflation at 0.8%, a current account surplus at 9.5% of GDP, abundant international reserve at 200.09 billion USD, while our public debt to GDP remained at 41.8% well below our fiscal sustainable threshold of 60%.

To ensure the continued and sustainable economic growth, the Thai government has adopted the 20-year National Strategic Plan with a focus on improving Thailand's competitiveness in order to overcome the Middle-Income Trap. Firstly, the focus is on upgrading our major infrastructures backbones. On physical infrastructure, we have unveiled a 20-year master plan for rail development worth 81.8 billion USD to facilitate special economic zones, tourism and local development throughout Thailand from 2017 - 2036. The plan, funded by both the Thai government and private sectors, will be a big boost to support the rail systems as Thailand's key transportation mode. On financial infrastructure, we have introduced the "National e-Payment Master Plan" which aims to replace cash transaction with an electronic payment system throughout the country to transition Thailand to a digitalized economy. To date, over 33 million Thais have already registered to our peer-to-peer electronic payment that would allow them to transfer any amount less than Baht 5,000 (Approximately USD $150) without incurring a transaction fee. Since the introduction of such a system in July 2016, the collective volume of transactions exceeded 4 billion USD. We have also promoted the QR code payment system, which allows individual bank-account holders to pay for goods and services which is similar to the use of a debit card. The availability of fintech will not only increase convenience, speed, and safety to consumers, but also facilitate data collections for several authorities.

To better facilitate trade and reduce both time and cost for international trade transaction, we introduced the National Single Window (NSW) initiative to serve as international cross-border data and information sharing center on import and export that integrate between Government to Government Partnerships (G2G), Government to Business Partnerships (G2B) and Business to Business Partnerships (B2B). Moreover, we have modernized the tax system from paper based platform to one single electronic platform, whereby receipts, invoices and tax refund can be filed and returned to taxpayers electronically. Once completed, payment among people, businesses, and the government should be faster, cheaper and more secured.

Strategically located in CLMVT and ASEAN, the Thai Government launched the Eastern Economic Corridor project (EEC) worth 43 Billion USD of public and private investments in the next five years, to serve as sub-regional industrial supply chains center for 10 targeted industries such as advanced automotive, smart electronic, bio food, aviation and medical hub in the three eastern industrial provinces of Thailand. The project will be the first area-based development in Thailand that integrates various infrastructure projects such as the expansion of the U Ta Pao airport, the construction of Bangkok-Rayong High-speed train, the expansion on Laem Chabang seaport, and the building of an Innovation hub and a Digital park. So far, EEC has already attracted large global companies like Boeing, Airbus, Rolls-Royce, Lazada and Alibaba to invest in the area.

To achieve such ambitious investment plans while maintaining public debt sustainability, we have undertaken reform measures to mobilize funds from both private companies and public investors in mega projects. Apart from traditional Public-Private Partnership (PPP), we will launch an alternative funding mechanism called the Thailand Future Fund (TFF), which welcomes both local and international investors. The TFF will be a main vehicle for financing Thailand's greenfield infrastructure projects by using two brownfield expressway projects as underlying assets to provide cash flow guarantee to investors.

To reach a sustainable level of growth, we realize the growing concern of income redistribution stemming from inequitable growth. Hence, we focus on improving the safety nets for those who need us the most. In August 2017, we successfully registered over 11 million low-income earners, who are unemployed or have earned less than USD$300 a year. We have issued welfare cards or cash cards for those that registered to be used for their daily consumption of paying for transportation and the purchase of basic commodities. As for the aging population, we have introduced a reverse mortgage plan for elders to convert their residences into cash – generating extra income, provided tax incentive for companies that employed elders and in the process of developing a world class senior complex.

The World Bank Group

On the World Development Report 2018 – Learning to Realize Education's promise, we appreciate the Bank's effort in analyzing the causes of the learning crisis and offering policy recommendations to tackle the problem. Thailand, just like the WBG, puts the development of its people at the heart of our national priority. We firmly believe that no nation can prosper without the development of its human capitals. In addition to the accomplishment of a compulsory education system, we continue to pursue reform measures to ensure that our young generation, regardless of their family backgrounds and geographic location, have an equal opportunity to access quality education, and that they are learning forward-looking skills and competencies to thrive in the fast-changing future. We call for all related stakeholders to collectively work on the development of human capitals and encourage the Bank to continuously support in reforming the education system.

We welcome the Bank's paper on Forward Look – A Vision for the World Bank Group in 2030 Implementation Update and congratulate the WBG on the impressive progress made in serving all clients as well as plans to mobilize private sector financing. We commend Management on their efforts to realign the Bank's resources towards our agreed priorities and to streamline operations with a focus on value for money.

Considering the ambitious nature of the SDGs and its impact on global government budget, engaging private sector is not just an alternative, but mandatory. We appreciate the Cascade Approach, developed by the World Bank, to mobilize development financing from the private sector to achieve the Billions to Trillions goal. We urge the Bank not only to leverage financial resources from the private sector, but also pay equal attention to non-financial elements such as effective operational practices, breakthrough innovations and technology transfer that could greatly contribute to economic and social development of its members.

On Shareholding Review, while we appreciate the progress made on streamlining the operations in both IBRD and IFC, we view that such internal streamlining measures must be carefully calibrated and not to overlook the implications towards sustainable development financing of WBG clients. Most importantly, we must ensure that the WBG has sufficient capital to support our ambitions stated in the Forward Look. We stress the need to develop practical options to enhance the capital base of IBRD and IFC to sustain the operations of the WBG as a whole. We call for all shareholders to reaffirm their commitments under the Lima Roadmap and to consider ways to arrive at an agreement by the 2018 Spring Meetings.

International Monetary Fund

Thailand is very pleased to join other members in augmenting the Fund's temporary resources through the 2016 Bilateral Agreement and the renewal of the New Arrangements to Borrow (NAB). Nevertheless, we reiterate the importance of the Fund to continue to be a quota-based institution with adequate resources to address global uncertainties and financial crisis in a more challenging economic environment. In this regard, we urge the Fund to complete the 15th General Review of Quota within the committed timetable. We continue to advocate for further realignment of the quota shares to realize the more significant contributions of EMEs to the global economy.

We commend the work to strengthen the Global Financial Safety Net (GFSN) by reviewing the existing Fund facilities and consider new instruments that will better cater for members' need. We are also encouraged by the Fund's collaboration with Regional Financing Arrangements (RFAs) to clarify role and operational framework of respective institutions in order to strengthen synergies between the global and regional safety nets.

We welcome the Fund's continued efforts to gain a better understanding of the policy frameworks for capital flow management to provide policy recommendations appropriate to the context of EMEs. In this connection, we would like to encourage the Fund to take into consideration the global environment or spillover effect of capital flows from originating countries as well as the implication of disruptive and disproportionate flows on EMEs' policy decision.

In closing, we thank colleagues on the Boards of Governors, the Boards of Directors, Management, and staff of the World Bank Group and the IMF for their tireless efforts and constructive co-operation. I wish them success in their noble tasks to promote global economic prosperity and in eradicating poverty.