

"Transformation of Thailand"
Thailand Focus 2012
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Deputy Prime Minister and Minister of Finance
August 29, 2012

It is a privilege to be invited as the keynote speaker to distinguished participants from the global investment community.

I would like to thank the Stock Exchange of Thailand, Phatra Securities, and Bank of America Merrill Lynch for organizing this "Thailand Focus 2012" conference and for selecting to topic on the "Transformation of Thailand," which I think is relevant and critical at the current stage of the Thai economic development.

As I believe many of you are quite familiar with Thailand, I will keep my speech brief and focus to the following points: Why do we need to transform? And how will we do it?

So first, why do need to transform?

Needless to say, the Thai economy has come a long way since the Asian Financial Crisis of 1997. In particular, our economy has become more robust with greater export diversification, wider range of industries, and well-functioning financial institutions supplemented by broader and deeper financial and capital markets.

Our economic stability is sound with low unemployment [0.7% in June 2012], moderate inflation [2.7% in July 2012], low public debt [42.6% in May 2012], ample international reserves [176.4 billion USD or 10 months of imports or 2.8 times short-term external debt], and low-leverage in banking sector [BIS Ratio = 15.1].

And because of these positive factors, the Thai economy was able to withstand recent turbulences from abroad as well as our own. Evidently, despite economic difficulty in Europe, our economy during the second quarter expanded by 4.2% per year.

Having recognized these achievements, the World Bank has recently upgraded us from "middle income country" to "upper middle income country." We also consistently ranked among the top 30 most competitive countries by IMD. Similarly, throughout the crises, Thailand persistently rated above investment grade with the current BBB+ by S&P, Baa1 by Moody's, and BBB by Fitch. And most relevant to you all, our SET Index increased 65% during the past three years, making SET among the best performing stock exchanges in the world.

But we can do better.

With these achievements, our greatest risk is to become too complacent as there is no guarantee that the success formula that has worked in the past will continue to work in the future. With clouds of uncertainty still linger in advanced economies and with political turmoil in the Middle

East and now in North China Sea, the world today is an uncharted territory that is full of threats for those not well prepared and full of opportunities for those who are ready. Therefore, to remain relevant in today's global economy, we must stand ready to adapt and re-invent ourselves to the changing environment.

In short, we must transform because we cannot count on past success and must therefore create platforms for future prosperity.