

Suggested Talking Point : World Financial and Economic Crisis and Effective Financial and Economic Governance Structure and the G20

- While global macroeconomic landscape is still fragile, global cooperation remains the best approach to address the impacts of global economic crisis. Governments must work together for closer coordination of their fiscal and monetary policies. Sharing of experiences, policy coherence, and global surveillance of financial markets in order to improve world standards for prudential supervision and regulation of domestic financial institutions are priorities.
- Thailand is working closely with the international community to tackle the impacts of the crisis and to restore sustainable economic recovery. For this reason, we have engaged actively in regional and international fora such as ASEAN and ASEAN+3, G-20, the UN as well as the private sector driven process at the World Economic Forum (WEF).
- As ASEAN Chair, Prime Minister Abhisit Vejjajiva was invited to participate in the G20 London Summit in April and the Pittsburgh Summit in September 2009 to represent the voice of the South East Asian nations. Thailand is pleased to note that the voice of ASEAN was listened to and respected in both Summits. PM Abhisit shared with the Meeting the experience ASEAN had of the 1997 financial crisis and the valuable lessons we have learnt, in particular the importance of the strengthened financial sector and regional economic cooperation. He reiterated that regional frameworks, such as ASEAN and ASEAN+3, can complement the ongoing global cooperation to achieve strong, sustainable and balanced growth, as well as to promote a resilient international financial system, particularly through such initiatives as Chiang Mai Initiative Multilateralization (CMIM), the Asian Bond Markets Initiative (ABMI) and the ASEAN Economic Community (AEC).
- At the 15th ASEAN Summit held in Cha-am and Hua Hin in late October 2009, ASEAN leaders agreed that ASEAN should continue to be represented in the G20, and that ASEAN's consultation process for the G20 be institutionalized. In this regard, the leaders tasked ASEAN Finance Ministers to coordinate ASEAN position and agreed to form a contact group comprising the ASEAN Chair, Indonesia as a member of G20 and ASEAN Secretary-General to ensure coordination among member states.
- We therefore welcome the invitations from Canada and the Republic of Korea extended to Vietnam, as ASEAN Chair, to attend the G20 Summits in Toronto and Seoul respectively. We reiterate that for effective participation in the G20 process, ASEAN representation should be included from the working group level through summit level. This will pave the way for ASEAN to contribute its views collectively as emerging economies.
- Thailand welcomes the recent G20's commitments on growth-friendly fiscal consolidation plans by slashing their government deficits by at least half by 2013 and stabilizing the ration of debt to GDP within 2016 while taking into account countries' differentiated circumstances. Moreover, G20 should strive to fulfill their commitments, as also stated in Declaration on Further Steps to Strengthen the International Financial System. This should include a timely implementation of the reform of the international

financial institutions and multilateral development banks to enhance their legitimacy and effectiveness.

- Thailand views that reform of regulatory system, such as tightened capital and liquidity standards and the recent IMF's proposal for bank tax, will affect most economies in the global financial system. In this regard, there should be a mechanism whereby the views of non-G20 Emerging Markets Economies (EMEs) as a group can be solicited on regulatory standards and issues. Therefore, we reiterate the importance of global consultation and coordination in taking action at international level to raise global regulatory standards consistently in a way that avoids unilateralism and fragmentation of markets, protectionism, and regulatory arbitrage.
- Thailand is concerned that the deadline for the conclusion of the Doha Development Round was not included in the G20 Toronto Summit Declaration. This might send signal that the DDA is not considered as the Group's priority. We urge the G20 to strive for a balanced and ambitious conclusion of the Round at an earliest opportunity, preferably within 2010. In this regard, ASEAN should seek to enhance its role in expediting the negotiation process.
- Thailand also commends the United Nations' effort to strengthen concerted action to tackle the global financial crisis. We encourage the establishment of a coordination mechanism between the UN and the G20 to bridge the missing gaps in international cooperation in order to ensure the effectiveness and relevance of both the G20 and the UN.
- While the global community has enjoyed signs of global economic recovery, the contagious risks of the debt crisis in the EU and repeated occurrences of environmental and man-made disasters could dwindle sustainable development of many developing countries, especially least developed countries. Therefore, development issues should be given a priority at the G20 Summits as the premier international economic forum.
- Thailand supports the Republic of Korea's effort to reengage the G20 members on development issues that ensure global cooperation to achieve the Millennium Development Goals including other internationally agreed development goals within their respectable targeted time.

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