

Intervention
on Global Economic Situation
Hon. Senator Anurak Niyamaveja
Thai Parliamentary Delegation
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Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

First of all, I would like to express my sincere appreciation to Singapore Parliament for hosting this remarkable 18th APPF conference and to the people of Singapore for the warm welcome.

Due to the increasing internationally financial and economic linkages in the globalization era where all financial markets are integrated relatively with the global markets, any policy or measure taken by one economy would have an impact on others. Thus, once the financial crisis occurred, its impacts did not affect only the economic stability of its origin country but also all across the world.

As the matter of fact, the world had experiences of financial crises many times in the past. We had seen debt mountain in Latin America during early 80s, the stock market crisis in the U.S. in 1987, the collapse of more than thousand of saving and loans associations in the U.S. during the end of the same decade, the economic downturn from bankruptcy of housing loan-giving companies in Japan in the 90s, and the Thailand origin “Tom Yam Kung” financial crisis in Asia in 1997. Now, as you are well aware, since 2008 we have faced common challenges of financial crisis originated in the United States that rocked the world economic stability, both in terms of trade and investment. As for trade, in response to the crises, many countries formulated and implemented measures to protect their domestic business and employment; for example, levying higher tariffs on imported goods, raising special safeguard mechanism on some imported products, issuing some non-tariff barriers, etc. Even though the World Trade Organization (WTO) was established in 1995 with the objectives to supervise and liberalize international trade to be free and fair, the organization seems not to be a smoothly run entity due to its members from different nationalities, language groups, religions, cultures, economic sizes, as well as the members’ insufficient understanding on the WTO ways, resulted in difficulties to reach agreeable conclusions when negotiating, evident by the Doha round.

Protectionism, however, was proven later to be short-sighted and destructive since once it was taken in one country it brought about chain effects from retaliatory policies of the advantage-taken country or countries, creating then a vicious circle which did not only jeopardize international relationship but undermine the world economy. Such protectionism was also seen in the economic integrations when the integrated members set rules to secure their own benefits from other country or integrated group. At the same time, WTO still faces an impasse in some dimensions. Consequently many countries have turned to give primary significance to make trade agreements as WTO plus, evident by the bilateral trade agreements in form of the FTAs between country and country or between regional group and regional group which were developed here and there in the world. Unfortunately, having free trade basically means no tariffs so some countries with smaller economies had fell into adverse circumstances. The impacts also went to the countries of which the state revenues formerly came from taxing international trade.

In addition to impacts on trade, the current crises have also ruined market confidence and credit systems. Innovation of debt instruments were developed to induce investors who looked for higher yielding alternatives. Without sufficient understanding or being well-informed about risks, some investors relied on credit ratings, some put their hope on carry trades, some jumped into the stock market with bare hands, ending up then at the same destination –excessive debt. At larger scale, the increase of NPL resulted in big amount of national debt and its dependence on the IMF. However, some countries' financial freedom has been marginalized under the IMF's rules and surveillance activities. That's why the IMF was recently questioned a lot on its true intention to protect the international financial system.

However, I believe that many countries have realized the chain impact of the economic crisis and then adopt various measures to recover their economic situation. It currently appears that in the third quarter of 2009, the global economy is now on the way of recovery. Financial condition in advanced economies has gradually improved in response to monetary policy accommodation while real activities have emerged from recession in response to coordinated fiscal policy stimulation.

For Thailand, we underscore the need to continue domestic stimulus packages to increase income and quality of life and ensure sustainable development of economy. Thailand has introduced various measures to stimulate the economic recovery. We have been very careful in designing those measures to ensure that they would not result in increasing barriers to trade. Thailand believes that retaining our level of trade and investment liberalization is a better way to cope with the economic crisis in the short-term than jumping on the protectionist train.

**Distinguished Delegates,
Ladies and Gentlemen,**

We are now facing same challenges. So, synergy in strengthening economic integration is required. As representatives of our peoples, we, APPF members, should attach great value to the promotion of truly free and fair economic cooperation at national, regional and global levels to ensure that prompt remedial actions can be put in place on time in order to restore our financial stability. FTA must be agreed on the same advantageous rights and deals of both sides. The Doha round talks must be pushed towards acceptable win-win conclusion. In addition, we should resist protectionism in any form, including that under the disguise of free trade advocacy. We should voice concerns over the spread of the financial crisis to the IMF in order that it might monitor international capital flows more carefully and provide truly appropriate helps to the developing countries. With our encouragement and concerted supports given to the governments, which are not only appropriate but also necessary during this period of economic slump, we will help our countries survive the crisis in the near future, I am confident.

Thank you very much.