

Keynote Speech
by Mr.ArkhomTermpittayapaisith
Secretary General, Office of the National Economic
and Social Development Board
AtThailand and Sweden Seminar:
“RECONSTRUCTION AND FUTURE DEVELOPMENT
IN THAILAND”
Thursday 23 February 2012
09.00 – 9.30 Hours
The Sukhothai Hotel (Ballroom), Bangkok



Your Excellency Mr.KlasMolin,

Ambassador, Embassy of Sweden,

Ambassador Victoria Jacobsson,

Head of Office for Project Exports, Ministry for Foreign Affairs,
Sweden

Excellencies,

Distinguished guests,

Ladies and Gentlemen,

1. First of all, I would like to begin by expressing my appreciation towards the Embassy of Sweden and Ministry of Energy for their collaboration in organizing this Forum. I am confident that in this gathering of experts and resource persons, we will be able to draw a great deal of insights on many aspects of future development from the experiences of Sweden, including energy, infrastructure, sustainable urban development and

disaster risk management and incorporate this immensely valuable knowledge to the reconstruction of Thailand.

2. As you may have known, Thailand's devastating floods last year had caused a severe damage to the country's economy and competitiveness of production and service sectors. This Flood situation was the worst one in 50 years and it caused the fourth highest damage in the world since 2005. In addition, it brought the second most extensive damage in 2011, only second to the Tsunami in Japan in March last year.
3. The government has been working very hard on the urgent mission, which includes alleviating the suffering of the affected people and providing support in rehabilitating the damaged properties. We are also assisting the affected industries to recover and to be able to start normal operation as soon as possible. Most importantly, we shall make every effort to prepare our infrastructure and flood prevention system in order to prevent future floods by investing in water resource management and upgrading our infrastructure.
4. In doing so, the Government approved a flood relief and recovery plan totaling over 10 billion US dollars, which includes 8.3 billion US dollars in soft loans being planned for SMEs, entrepreneurs and industrial estates developments and 1.42 billion US dollars for reconstructing the economy and rebuilding our society to be offered to both the industrial and

agricultural sectors. This relief and recovery plan will be implemented into three parallel phases, namely, the **3R's - Rescue, Restore and Rebuild**.

5. In the rebuild phase, the Strategic Committee of Reconstruction and Future Development or the SCRF was set up to contribute most to the rehabilitation effort. The Office of the National Economic and Social Development Board is both a member and secretary of this Committee. The main strategic tasks of the SCRF broadly involve **creating and reassuring confidence** of investors and manufactures through public investment, **creating competitiveness** by maintaining the leading positions of the highly competitive production and service sectors especially in risky and highly economic and social-impacted areas, and **creating a sustainable future** through strengthening the country foundation to prevent and mitigate risks from future natural disasters and other crises. In addition, the country's infrastructure shall also be upgraded to a higher standard.
6. The strategy for reconstruction and future development, approved by the SCRF on 6 January 2012, comprises 5 key strategies: (1) Water Resource Management, (2) Production and Service Sector Restructuring, (3) Spatial Development for New Economic Areas, (4) Infrastructure Development and (5) Insurance System Development.

7. I will not go into details of these strategies. In the following session, Khun Ladawan, Deputy Secretary-General of NESDB will provide you more information about these five strategies.
8. In order to achieve the determined goals of the water resource management and the reconstruction and future development plans, the arrangement of sufficient finance for investment projects needs to be undertaken. On January 4, 2012 the Cabinet has approved in principle of the four legislations to enable the execution of the proposed guidelines, namely;
9. First, the Royal Decree on Improving Debt Management of Financial Institutions Development Fund (FIDF). This law will allow the Ministry of Finance to transfer the full responsibility for the 1.14 trillion baht in bailout debt from the 1997 financial crisis to the Bank of Thailand's Financial Institutions Development Fund. Hence, the government will have wider room to make a public borrowing with a greater amount for the future investments.
10. The second piece of legislation I would like to mention is the Royal Decree on Public Borrowing for Investments in Water Resource Management and Future Development. This law will provide the authority to the Ministry of Finance in borrowing in local and foreign currencies under the name of the Royal Thai government, in a total sum not exceeding 11.5 billion US

dollars, before June 2013. This money shall be used to invest in the water management system and in Thailand's development.

11. The first two decrees have been reviewed by the Constitution court as the opposition party and a group of senators have asked the court to rule on their constitutionality. And, yesterday afternoon the Constitution Court ruled that the two executive decrees comply with the Constitution's Article 184. This allows the government to finance its post-flood investment projects.
12. Thirdly, the Royal Decree on Insurance Pool Fund. This law aims at establishing an "Insurance Fund" as a legal entity to assist the insurance industry in providing insurance coverage for various natural disasters, particularly in the event of flood. This fund will enable the insurance industry to provide an insurance coverage worth 50 billion US dollars.
13. The last piece of legislation is the Royal Decree on Soft Loan for Flood-Affected people and companies. This law will allow the Bank of Thailand to lend to commercial banks which will offer soft-loan to assist the affected people and companies in their recovery. This credit facility is used under emergency situation. A total sum of this soft-loan, this time, will not exceed 10 billion US dollars.

14. The last two laws are now being implemented by the Ministry of Finance, Office of Insurance Commission, and the Bank of Thailand.

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Ladies and Gentlemen,

15. I would like to thank all of you for your kind attention and I very much look forward to learning from the views and ideas of the experts on the policies and practical experiences on various aspects of development, which will be fruitful and immensely crucial for the recovery and the sustainable reconstruction of Thailand.

16. Let me end by wishing you a productive and stimulating discussion today. I once again thank the Embassy of Sweden and Ministry of Energy for your collaboration in organizing this Forum. I thank all of you for your kind participation.

Thank you very much.

