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The International Monetary Fund (IMF) Concludes 2010 Article IV Consultation with Thailand

On September 17, 2010, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Thailand with the following assessment.

1. Thailand has made a remarkable comeback through two severe tests of the global crisis and the domestic political turmoil respectively. This achievement is attributable to the authorities' forceful policy response, the revival of export demand, and sound economic fundamentals that enabled the export recovery to feed into renewed domestic demand.

2. Thailand's economic growth is projected to reach 7.5 percent in 2010 and 4 percent in 2011, with low inflation. That said, there are downside risks: slowing growth in advanced countries could undermine the global recovery, while political uncertainty could weigh on domestic demand.

3. The immediate challenge is to normalize the policy stance, while ensuring that the recovery takes firm hold despite an uncertain global environment. In this context, they generally supported the government's plan to gradually scale back the fiscal stimulus and welcomed recent decisions to raise the policy interest rate from its exceptionally low level.

4. For the medium term, the authorities are encouraged to move forward with ambitious reform agenda aimed at strengthening infrastructure and developing the financial sector to help restore economic dynamism and raise growth potential. The IMF welcomed the authorities' plan to further develop financial markets and ease the financing constraints that have held back investment.

The next Article IV consultation with Thailand would be conducted on the standard 12-month cycle.

Bank of Thailand
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