



BANK OF THAILAND

**BOT Press Release**

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Press Release on the International Monetary Fund (IMF)  
Concluded 2012 Article IV Consultation with Thailand

On 27 April 2012, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV Consultation with Thailand with the following assessment.

1. The Thai authorities' policy response to last year's floods has propelled the strong recovery. The economic growth is projected to be 5.5 and 7.5 percent in 2012 and 2013, respectively. The short-term outlook is favorable, but significant downside risks still remain due to uncertainties from the global economy and the progress of flood-prevention measures.

2. The current expansionary fiscal and monetary stances are appropriate. However, the authorities should unwind the supportive policy stance as the recovery takes hold and move to a medium-term consolidation path. The main challenge is to speed up reconstruction while maintaining macroeconomic stability and promoting inclusive growth.

3. There is a scope for scaling back subsidies and tax credits, in order to create the necessary fiscal space. Income redistribution policies need to be closely monitored to contain fiscal costs and improve efficiency. Minimum wage increase should also be accompanied by measures boosting labor productivity to preserve competitiveness.

4. Capital inflows are likely to remain volatile in the near term. Nevertheless, there is room to increase exchange rate flexibility. The Executive Board supported the authorities' plans to further relax gradually restrictions on capital outflow while ensuring adequate safeguards.

5. The Executive Board welcomed the progress made in developing financial markets and called for a swift action to mitigate risks from government-owned specialized financial institutions, by refocusing them on their core mandate, improving risk assessment standards and strengthening supervision.

Bank of Thailand

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